Traveling With the News

LEO PASVOLSKY'S ARTICLE, "The World Prepares for Conference," suggests that many of us, for one reason or another, will be traveling across the Atlantic to pay a visit to London, which will be the scene of the coming world economic conference.

We commend American visitors, with an especial leaning toward literary landmarks—to a new shrine, upon which the grave-flowers have scarcely wilted. Those of us especially who have eavesdropped in any of those famous "Conversations in Ebury Street," would appreciate a stroll through the street itself, pausing for a moment's contemplation perhaps before the erstwhile residence of the Last of the Great Victorians, George Moore. Those unacquainted with the "old man of Dublin" will be rewarded by making the acquaintance of a perfect Georgian thoroughfare, delectably gnawed in part by the moth of Time.

One takes the Piccadilly Line at Charing Cross to Sloane Square. There will be machine-gun nests of antique shops difficult for any American addict to pass. A friendly policeman will rescue you and direct you through a tangle of streets to Ebury Street. This end will be very shabby. The following block will abound in more antique shops. Then we come to George's block. It is one of the smuggest row of Georgian houses ever—with a prim Victorian touch-me-not air of respectability that George Moore had despised all his life! Never have you seen the brasses on houses so meticulously polished and so brazenly forbidding the stranger's touch, or doorsteps so immaculate! It is more insular than Portman Square!

A red brick four-story house on your right with the bulging front of a Billingsgate flower woman is 121 Ebury Street. It is smugger and more Victorian than all the others. A year ago, you might have been lucky enough to be passing as a horse cab—he hated "machines" of every description—drew up in front of it. With the same exasperating deliberation that he exercised in correcting and rewriting his literary works, George Moore would step forth. A tall thin, slightly bent man of 80-odd with a tawny moustache and a querulous air. He would attempt to pick a quarrel with the cabby maybe, who in turn would give a broad wink to the parlor maid already standing on the step of 121 to receive her master. It was just his way of picking a quarrel with the whole blessed world of things that are. The door would close and the oldish servant would listen to his grumbling as she removed his coat. He would move into his quaint drawing-room—behind that curved glass front—warm himself before the fireplace with the Manet of himself just above it and keep pulling the bell-cord for his tea, which would presently arrive. . . .

Some day there will be a brass tablet on this house in Ebury Street.

●

George Sokolsky's article, "The Temper of the People," and Robert Doane's "How Poor Is America?" give us pause in our foreign travels. And that pause should be more or less serious and contemplative. It should bring us face to face with some of the oldest axioms in the headlong perversity of the restless human, and make us realize that perhaps the most restless of them all is the genus American. Whether or not it be the roots of our original stock or an earnest and honest urge for culture and background seemingly unattainable first-hand in our New World—we are a restless people.

The resultant perpetual pilgrimage, that counts something in the neighborhood of a million Americans drifting overseas on the rolling waves of prosperity, has subsided into doldrums. This year many of us will be spending our holiday period and our depleted bank-rolls—of all places—at home! Well, what can't be cured must be endured.

The English had a similar contretemps and they simply told their wanderlusters to "Travel British," which they did so lustily that it not only worried the Continental traders in travel, but also brought an amazing prosperity to English, Welsh, Scottish and Ulster resorts and "high spots," from loyal throngs who took advantage of the off-years to take a good look at their own country.

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●

The American Scene!

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We travel west, and come to the land of the Latter-day Saints who have named the little river that leads to their Capital, the Jordan. And like the Dead Sea of Palestine, the Great Salt Lake will not permit you to sink. And there you will find the Mormoons—a people belonging to another race, another culture, another religion. A city standing on a tableland 5,000 feet above the sea; originally laid out in ten-acre blocks, the principal streets 132 feet wide, majestic mountains richly veined with copper and silver surrounding the scene. Stroll about Temple Square in the twilight and you will be haunted by Old World ghosts: the Temple itself reminds us of the Rhenish Cathedral at Worms; the walled-in Square recalls the Royal Park at Braunschweig; a much-pinnacled edifice at the far end suggests the towers of Pilar Cathedral as seen from the bridge of Saragossa.

What a "find" this City of the Mormons, with its characteristic setting, people and culture would be—if it happened to be somewhere in Europe! . . .

●

Soon, all eyes in America will be drawn to and directed upon Chicago, locale of another International Exposition. Hundreds of thousands of Americans, from near and far, will follow their noses to the Windy City. What an opportunity for the majority of them to see America, en route.

In many ways, Chicago is more typically American, than any of our eastern cities at least—in line, in location, in temper, in personality. It still retains something of the spirit, the speech, the hospitality of the pioneers of the West who had turned their backs on so much of the soft-whiteness of manners and the polite insincerities brought to our shores by discoverers from many foreign nations. Therein easterners begin to breathe in the unpolluted air of "the great open spaces" beyond, and feel the stimulating tang of the

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winds that sweep the Western prairies.

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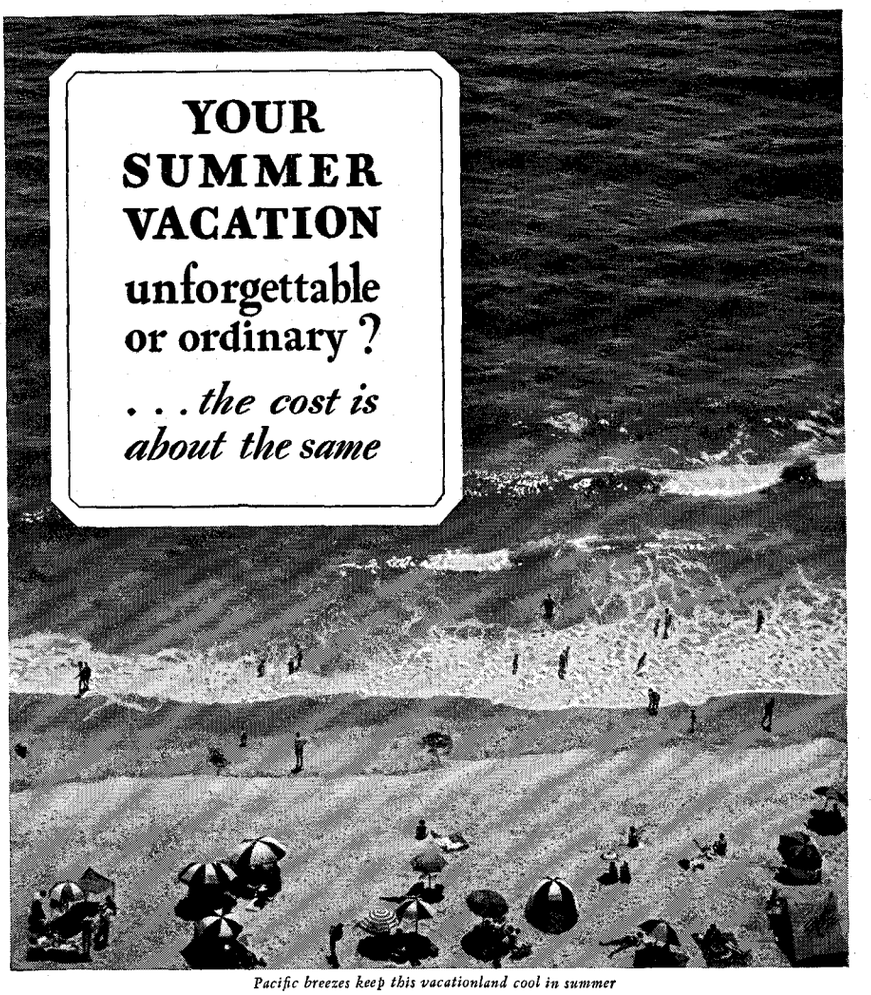
●

Rivieras are stereotyped the world over. Their life is composed chiefly of dilettanting, dressing, dipping, dining, and drinking. The same old crowd in toto at each of them in turn: Cote-d'Or, Cote d'Azur, Rapallo, La Palma, Ragusa. But don't we get it all at our own Miami, Palm Beach, St. Petersburg, Santa Barbara, Del Monte, Atlantic City—to mention a few of them. There is a concrete road, or a fast steamer, or a special train, or a luxurious motor bus heading for any one of them, for any and all of us—who have the credit and the urge to get aboard! . . .

There are portions of this country that are not pale reflections of Spain and Latin America; they actually *are* Spain in America! Old St. Augustine is but another corner of Old Madrid (new Madrid, along the monumental Calle de Alcala is no more Spain than Fifth Avenue—architecturally). While that memorable journey along the Santa Fe Trail reveals that these sage brush, corrals, adobe huts, cacti, sand dunes and rolling rocky wildernesses with an occasional Hispanic bell tower of a little church and a tramping cassocked priest, we have seen it all, either in Castile, or in Aragon, or in Andalusia, or in Venezuela; and when it comes to the Missions of California standing whole, or in part

(*Continued on page* 64)



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Managing Editor

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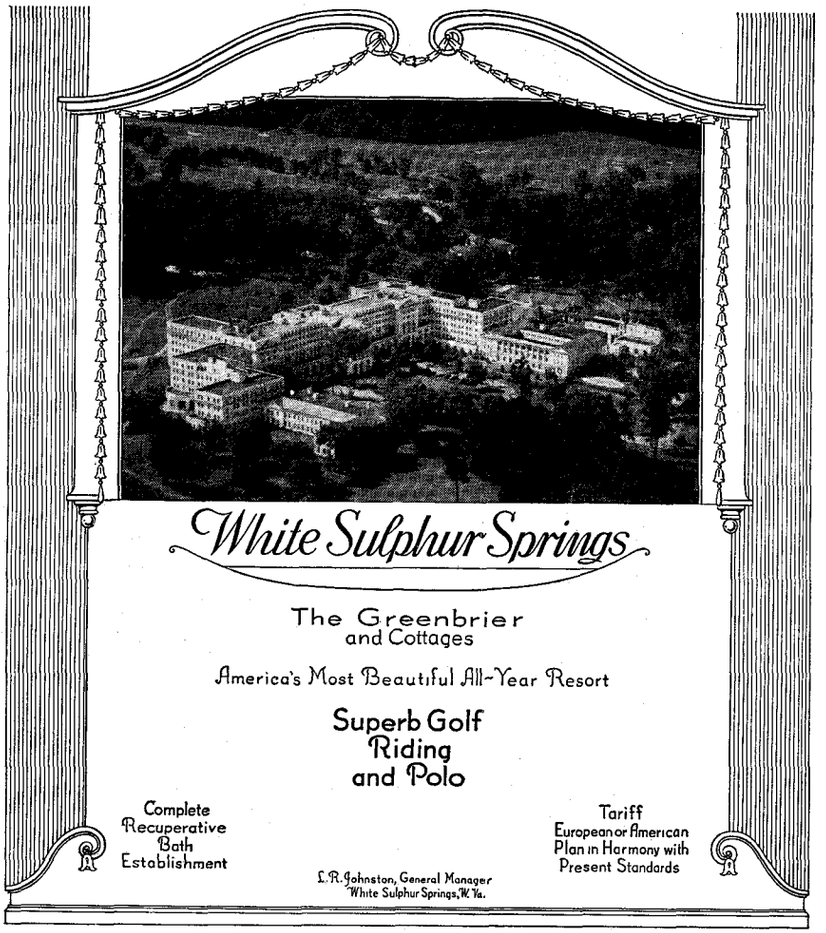

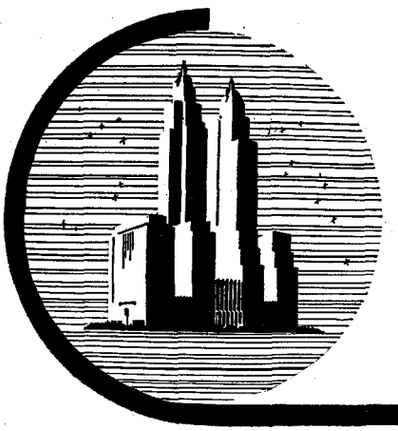

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Checklist of New Ideas

ON G. B. S. BY G. B. S.

People must think I am just a damned old fool. I believe that my best course henceforth is to shut up. —*George Bernard Shaw.*

●

ON FASCIST CENSORSHIP

Print it. But please tell Mr. Pound his ideas on Napoleon are rotten.—*Communication of the Fascist Bureau of Censorship.*

●

ON WHAT A CONGRESSMAN IS

They rank with policemen, many of them even below policemen; they put their relatives on the payroll the first thing and then start running for re-election. They make a five-minute speech in the house and then send thousands of copies of another speech, thousands of words long, to their constituents at government expense. That about completes their work. — *Congressman Joseph B. Shannon.*

●

ON LEADERSHIP

I deem action at this time to be of the highest importance.—*Franklin D. Roosevelt.*

●

ON ECONOMY IN HOLLYWOOD

Helen Twelvetrees is doing her own marketing, and Claudette Colbert said that for the first time in months she is buying no new books. —*A. P. Dispatch.*

●

ON JOURNALISM

Mr. Farley and Mr. Wallace are the youngest *male* Cabinet members, Mr. Farley being 42 years old and Mr. Wallace 44.—*James A. Hagerty.*

●

FRENCH BUSINESS

It is very possible that President Roosevelt will propose a new moratorium—which is a good solution.—*Journal des Debats.*

●

ON NATIONALISM

Nationalism is a grave danger for the entire western civilization; behind it are powers inimical to life. To combat it is the inescapable duty of every well intentioned and perceiving person of our time.—*Albert Einstein.*

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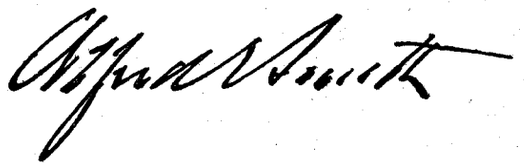
NEW
OUTLOOK

The Right Turn



THE NEW NATIONAL ADMINISTRATION, led by the President, has made a good beginning. As we go to press, it has provided prompt and constructive leadership. It has guided public opinion by clear understandable pronouncements, and has thus restored morale and confidence. It has helped in a forthright way with the currency problem, with reorganization of the Federal government, with the drastic reduction of veterans benefits in the face of the bitter opposition of a strongly organized minority, with the problem of authorizing and taxing beer and with the farm problem.

It is wise for the new Administration to take full advantage of its large majorities in the new Congress, and of the popular approval at the very beginning of the special session, to drive through emergency legislation. A great many things can be done now which cannot be done later. Public opinion is aroused and will fully support the Executive in these and similar measures of an emergency character. I said last month that the Democratic party was at the crossroads. I will say now that it has taken the right turn, and that every one in the country, irrespective of party, or other affiliations, should support the new Administration loyally and patriotically in the path on which it is now moving—because I am satisfied that it is the path back to economic health and happiness.

•

However, I have grave doubts about regional planning schemes as a solution of the national unemployment problem. The idea of damming great rivers, developing power at the sites, building up industries, at or near, the power plants, preventing floods, and moving numbers of people from crowded to uninhabited places to begin a new life under more favorable auspices, undoubtedly fires the imagination, but it takes more than magic and millions to make the desert bloom like the rose. On cold, sober second thought it is questionable whether in these days it is desirable to uproot people from their native soil and transfer them to strange places. The age of the pioneer is over. It is doubtful whether the nation will gain today by drying up old communities in order to irrigate new ones.

As an immediate aid to unemployment, these schemes have even greater objections. First, there must be engineering plans which take months to prepare. Shelter must be provided for workers, including sanitary and other facilities. Transportation must be furnished. These plans present all the problems of building army cantonments plus those incident to establishing a permanent civil and industrial community. Immediate employment will be small, and we most devoutly pray that the present unemployment crisis will be over long before one of these new regional developments can get under way. Let us not forget our wartime experience. Hog Island was just beginning to provide ships when the war was over.

The less ambitious reforestation plans are open to much the same objections. They require moving men a long distance to do healthy outdoor work, but work which will produce little of permanent value. The people who are employed are not heads of families who must find work near home. They are young men out of work, and the habitually unemployed. Measured by any reasonable rule, these are not the "Class A" cases of unemployed as classified by relief workers. Reforestation projects which require vast tracts of government-owned land are of little or no use to the industrial East,

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or to other population centers of the country. They certainly are no substitute for the ordinary public works activities which employ men near their homes under normal working conditions on recognized projects of permanent value to established communities.

We must reëstablish our home markets and resume our home industries and our home improvements, rather than reach out to develop the waste places which have been passed over, or abandoned, by wise settlers in a century of expansion of this continent. If, as I hope and expect, there is to be a national public works bond issue, let it be primarily for permanent improvements in centers of unemployment, not for providing excursions to camps in out of the way places.

●

RECOGNIZE RUSSIA

THE SENATE FINANCE COMMITTEE at Washington invited a number of people to appear and to offer their ideas as to recovery. In the course of my remarks I strongly advocated the recognition of Russia. This was no unconsidered recommendation. I had come to this conclusion for a number of reasons, and after analyzing a great many objections.

One of the principal objections is that Russia owes us money because of debts contracted before we entered the war. As a matter of fact it turns out that we sold considerable material to the Kerensky government on the supposition, which proved to be a poor guess, that Kerensky would last. It is common knowledge that a good deal of what we sent over never reached Kerensky. The amount involved is not great. It is true also, that private property of American citizens was taken by the Soviet government after the revolution. So was all other private property. As against this, we must not forget that we maintained armies in Russia and Siberia, which did considerable damage and cost the natives much money, at a time when we were not at war with Russia, and had no possible excuse under international law for keeping troops on her territory. In any adjustment this army invasion must be balanced against whatever Russia owes us. When it is all boiled down, this argument against recognition does not amount to much.

Then we have the argument that we should not trade with Russia because she does not keep her agreements. The fact of the matter is that we are dealing with Russia every day under cover, and that Russia has in this country the so-called Amtorg Trading Corporation, an official body which is carrying on negotiations for exchange of goods every day, and which certainly should not be permitted to function on American soil if trade relations are forbidden. If, on the other hand, we are trading under cover, we might better trade in the open.

Another argument against Russian recognition is that we disapprove of their form and theories of government. This argument runs counter to every sound American tradition. Thomas Jefferson told us that if we did not like our own government we should do away with it and build up a new one. We have no right to tell another nation how it shall govern itself.

Russian propaganda in this and other countries is also offered as a reason against recognition. I don't know how widespread Russian propaganda is, and I don't believe anyone else knows. In fact, there is considerable doubt as to whether the Russian Government actually is attempting to undermine other governments. If so, I am not afraid of what it will accomplish here. There were orators spouting in Union Square when I was a boy, long before communism was heard of, and before socialism became respectable. At that time the fear was that the socialists would overthrow the government. As long as we stick to our fundamental principles of free speech and a free press, as a safety valve for the more excited and explosive elements in the community, we need have no fear of foreign propaganda. The Russians have plenty to do at home with their five and ten year plans, and with the feeding of a population which has been taken away from the soil and put to unaccustomed work in factories. They are much more likely to become conservative than we are to become radical.

We are not proposing to withdraw our diplomatic representatives from Germany because Hitler and his party have come into power, although there is much in their philosophy which does not appeal to Americans. If anything, they are more extreme than the communists. Moreover, if the communists party in Germany were to succeed Hitler, I don't think we would refuse to recognize the new administration.

My impression is that we could reëstablish relations with Russia on favorable terms to both countries if we made the right sort of gesture. I would like to see a commission sent to Russia to negotiate a diplomatic and trade agreement, composed of men like Newton D. Baker, Brigadier General William N. Haskell, who had charge of the relief work after the war in Russia and the Near East, Hugh Cooper, the engineer who built the great dam on the Dnieper River, Alexander Legge, the President of the International Harvester Company, and Senator Barkley of Kentucky who has made a first-hand study of Russian conditions. A commission of this kind should restore normal relations in short order.

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THE BANKING REVOLUTION

WE HAVE a most complicated banking and monetary system. Part of the complication is due to the existence, side by side, of Federal and state governments with concurrent powers in many fields. This has led to the building up of two more or less competing systems. It has led to a multiplication of rules and regulations, and to all sorts of variations in practice. No sensible person now questions the desirability of unifying banking facilities, although up to the hour of the general breakdown of the whole system, there was no agreement on this major principle, not to speak of a complete lack of agreement on the details of unification. This condition was due, in no small measure, to the fact that people in all parts of the country, most of them entirely unfamiliar with the technicalities of exchange and currency, have been for years encouraged by Federal and state authorities to believe that they were secure in dealing with banks because of adequate Federal and state examination and supervision. It may be said that this confidence has been somewhat impaired in recent months, but actually no widespread doubt, or fear, was raised in the minds of millions of average citizens until a few weeks ago.

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Under these circumstances the necessarily drastic bills recently passed at Washington, and the regulations enforced under these acts, came with a considerable shock to the country. Nevertheless, the country rallied quickly because it knew that a prompt major operation was necessary. A list in the office of the Comptroller of the Currency and similar lists in the Federal Reserve and state banks rating the assets and liquidity of banks were used to determine which banks should be allowed to open, and which should remain closed when the holiday ended. Provision was made for conservators of closed banks. Some banks closed under these regulations will probably never open. Arbitrary decisions must inevitably be made in such situations, and some damage, especially to small institutions, and hardships to individuals here and there, will result. The sensitiveness of the average person, especially in a small community, to anything which affects his local bank has been well illustrated by the harm which has been done by the publication of loans by the Reconstruction Finance Corporation to the smaller banks. In small communities, where banks are actually closed, the shock will be greatest. When this action is coupled with authority for branch banking and for the expansion of the federal reserve system, the institutions which are closed will either be revived and restored by conservators, or absorbed by other institutions. It is not to be supposed, however, that we have seen the end of respectable little banks which in many cases have been guilty of nothing worse than having frozen assets. It must also be kept in mind that a first claim on the banks which are closed will in many cases be the claim of the Reconstruction Finance Corporation, representing the United States Government.

The effect of the present Federal legislation and orders on state banks which are not members of the Federal Reserve, or of clearing houses, has raised numerous questions for future determination. For example, the decisions of the various state superintendents of banks as to the condition of state institutions, must necessarily be made on a different basis than those of the Comptroller of the Currency and the Federal Reserve officers. Eventually these decisions must be reconciled. Moreover, state banks must join the Federal Reserve immediately if they are to take advantage of the facilities afforded by the new Federal legislation, or operate through reserve banks at considerable expense and loss of independence. Similarly, the savings bank situation will be confused until the place of savings banks in the new national banking scheme has been determined.

Nevertheless, thinking citizens must be in substantial agreement with the general purpose and aim back of the recent Federal bank action. We must work toward a unified banking system under national control, but we should not take advantage of the present emergency to jam through a complete reorganization overnight.

The temporary additional currency in the form of new Federal Reserve banknotes should be used to keep open all the banks which can possibly be kept open, and then when conditions are restored to something like normal, and when the present fever has subsided, we should work out slowly, patiently and fairly, the details of a permanent unified banking system for the country.

MUNICIPAL FINANCE

LAST DECEMBER I testified before the so-called Seabury Committee as to needed changes in the structure and administration of the government of New York City. I pointed out at that time that a fundamental problem which has nothing to do with the city charter, or with the integrity or ability of city officials, is largely responsible for New York's financial difficulties. This is the problem of subway financing. It is a problem which is up to all the citizens, because they alone can register a change in public psychology.

New York is suffering from frozen credit. It has a tax and debt limit fixed by the constitution, and has remained well within these limits. The city budget has been reduced. It has a considerable debt margin, but its standing in the financial world, its ability to sell its bonds on favorable terms, its completion of much needed public works, its resources for unemployment relief, are all adversely affected by a subway policy which ought to be abandoned promptly in the public interest.

New York has a frozen credit of some five hundred million dollars tied up in subway bonds. These bonds would be exempt from the debt limit, and a corresponding amount of credit would be available for other municipal purposes and for improving generally the city's financial position and the attractiveness of its bonds, if the subways were unified and made self-supporting. Incidentally, no interest on any of these bonds would have to be included in the annual tax budget. The city has an immense investment in the privately operated subway lines and has the right of recapture. A five cent fare is guaranteed in connection with these lines as a matter of contract which has been upheld by the courts, but the only benefit which the city gets from this contractual obligation is the privilege of having its credit frozen, and of paying for deficits out of real estate taxes.

So far as the city-owned and operated independent subway system is concerned, this must be made self-supporting under state statute at the end of a short period of trial. In the meantime, the existence of a section of independent city-operated subway system in competition with the privately operated and city financed main lines, is one of the most senseless spectacles in American municipal life. Everyone knows that the subway, bus and street car system should be unified under one management through recapture or condemnation, if agreements on fair terms cannot be made. Stockholders in the private lines should be entirely eliminated so that there will be no chance for private profit in the future. There should be a board of management on which the city administration, the bondholders and the public generally would have representation.

Many great public improvements planned and initiated by the city are necessarily retarded because of the city's frozen credit. The new city sewage, garbage and water supply system, the cost of which runs into enormous figures, can make no progress under present conditions. There are some improvements all over the city which can be prosecuted when financial conditions improve even without a change of subway policy, but the major improvements will be held up indefinitely.

The effect on the city's unemployment problem and

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on business and prosperity generally of a prompt launching of all public improvements authorized and planned would be enormous. If leaders in the civic life of New York will simply present to its citizens a page of a public ledger—putting on one side unification of the subway system with a fare just sufficient to make it self-supporting, and on the other side a list of all the great public improvements which can be financed by thawing out frozen credit, I have no doubt that the decision will be overwhelmingly in favor of a new subway policy.

People will give serious attention to such problems today. Their reaction to the drastic reforms proposed at Washington prove it. They are in a mood to settle the great outstanding questions, national, state and local. They are more interested in fighting unemployment, and restoring normal business, than in mud-slinging and demagoguery. The citizens of New York, if I understand them, are ready for the presentation and adoption of an honest, sensible solution of the subway and transportation problem.

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AMENDING THE CONSTITUTION

THE PEOPLE OF THE UNITED STATES are beginning to take a lively interest in the Federal Constitution. It is by no means impossible to amend the Constitution with present machinery, but it is difficult, and the machinery is outworn and no longer geared to register public opinion.

Article Five of the Constitution provides two methods of formulating amendments, and two methods of adopting them. Amendments may be proposed, either by two-thirds of both houses, or by the calling by Congress of a convention on the application of the legislatures of two-thirds of the states. The first of these methods is the only one which has ever been used. It has worked satisfactorily. It needs no argument that the second method is unworkable. The legislatures of two-thirds of the states cannot formulate anything, and if they did, the calling of a convention to consider what the legislatures had formulated would be the greatest waste of time and public money conceivable. This second method of formulating amendments is therefore obsolete and should be taken out of the Constitution.

We now come to the two present methods of ratification of amendments. One method of ratification is by the legislatures of three-fourths of the states. This was always followed up to the time of the recent submission of the repeal amendment. The second method is by ratification by conventions in three-fourths of the states. The debates now raging all over the country as to how these conventions shall be called constitutes the best sort of evidence of the defects in this method of ratification.

The fact is that neither of these two methods of ratification adequately and fairly reflect public opinion. Ratification by legislatures is undesirable because they are not elected to pass on Federal constitutional amendments. They are elected on all sorts of other issues. Moreover, legislative districts in many of our states are apportioned in such a way as not to represent population but acreage. Ratification by conventions is undesirable because there is no standard for calling a truly representative convention, and nothing for a convention to decide which justifies calling it. There is nothing to deliberate about. The answer must be Yes, or No.

Probably the fairest way to set up a convention under present conditions would be to have a popular vote on wet and dry tickets composed entirely of delegates-at-large, to seat the delegates on the ticket which has the highest popular vote, and to record their vote in the same way that the vote of the Presidential electors is now recorded.

We should change the Constitution so that there will be only one method of formulating amendments in the future, namely, by a vote of two-thirds of the members of both houses of Congress, and only one way of ratifying an amendment, namely by a prompt, genuine popular referendum. The machinery for such referendum should be fixed by the legislature of each state. A constitutional amendment along these lines was suggested some years ago by Senator Wadsworth, now back in Congress as a member of the House of Representatives. It is to be hoped that Congressman Wadsworth has not lost his interest in this subject, and that he will present it again at the earliest possible moment.

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The Temper of the People

By George E. Sokolsky

"If I read the temper of our people correctly," said President Roosevelt in his inaugural address. What is the temper of the people? George E. Sokolsky, writer and lecturer, presents an answer based on 6,000 miles of recent travel in the United States.

SOMETIMES MY PARLOR CAR has two inhabitants: the Pullman porter and I. Yet, on a trip from Chicago to San Francisco, I rode in a fairly crowded train: buyers and salesmen taking an annual to provision their shops carefully against a late Easter and a snowy Spring. Once on a southern line, we were twelve in a day-coach: the other eleven were deadheads, company officials. Yet, in New England there seemed to be more movement of men and women in pursuit of trade. I came down from Montreal, however, on a train which carried seven of us in the parlor car, five to a funeral, a delightful young lady who was going to see her old school; and I, the one night-stander to whom a Pullman has become the nightly bed.

West of Chicago, I find more vitality than East of it. From Chicago to St. Paul the railroads still use good equipment with no chiseling to save a dollar. There is optimism in Jim Hill's old stomping ground. Milwaukee is certain of beer and is thankful that it has not suffered as others have. Yet down in some of the cities of Ohio it was practically impossible to get a five dollar bill changed except in a hamburger sandwich shop. In America such places seem to be prospering everywhere because men are no longer ashamed to live on a ten-cent meal, five for hamburger, five for a big cup of coffee.

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What do we talk about, we who sit and smoke in Pullmans? We are of the middle class in the United States. We can still keep up courage and appearances. We still swank a bit. We are traveling salesmen, buyers, businessmen seeking outlets, clergymen, lawyers, artists, lecturers. We keep the balls of commerce and industry and ideas moving.

What do we talk about? Good, old raucous, smoking room tales, one almost never hears any more. Occasionally a good, salty yarn will bellow through the smoke, but not often. No matter in which part of the country one might be traveling, the talk is of economics and politics, sound, fundamental considerations of money and finance and trade by frightened Americans—terribly frightened now that the banks are in danger. Only lawyers and bankers talk revolution. Most of the middle class folk simply know that this country cannot, and will not, resort to revolution for a solution of economic and political problems.

That has puzzled me, and I have often spoken to the extreme left in the hope of discovering the specific American psychological reaction to revolution. It is such a curiosity to one who has lived in revolutionary countries that here there is so little talk of revolution among the middle class, for everywhere it is the bourgeoisie that starts the talk about revolution. Karl Marx and Lenin were bourgeois; Trotzky's people were Jewish traders; Sun Yat-sen was of good, Christian middle-class stock—these ideologues of the bourgeoisie usually give the laborers and coolies their slogans and philosophy; and an army makes the revolution for them.

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But not in this country. Here distress calls for Congressional action; bank failures require Presidential action; actual starvation calls for municipal and county protection. Wherever I go, I am told of how many families live on the city and county. In Williamsport, Pa., a delightfully intelligent young woman explained to me how this year was different from last in that many of those who contributed to charities are now, rather quietly, taking charity. In Fresno, California, I was told how the raisin and peach industries were crippled so that owners of large ranches were altogether uncertain of being able to keep their vines and trees in condition any longer—they were finding themselves altogether without capital. But in neither city could I discover even the revolutionary doctrines of the old I.W.W. In some cities, the Government in Washington was blamed; in others, the banks; in still others, bad management of coöperatives. Nowhere did I listen to a demand for confiscation of property, for an overturn of the processes of government, for a Fascist or a Communist regime, for the shooting of officials. Such conversations would be revolutionary. They do not occur. I have heard bankers and lawyers use the word, "Revolution," but when I ask them what they mean by it, the conversation indicates change, orderly change, a return to prosperity—one chicken in the pot and a balance in the bank to pay taxes.

Why, I have often asked, does the American give the appearance of such complacence? He always says that something should be done about these distressing conditions, but does he have a program, a philosophy of action, a basic ideology? And by prosperity, he does not mean social equality but an equal opportunity to get the best in life by the sweat of his mind and the fruits of his labor. In the early days of the Russian revolution, I listened, in Petrograd, to his same class preach a redistribution of land among peasants and

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laborers. Here, they talk inflation so that they might be able to pay mortgages and taxes. There it was confiscation; here it is the desire to restore normal and orderly procession.

Why is the American like that? Fundamentally, I think, the American is not a fighter. He is rather a quiet, home-loving, religious person, who goes on an emotional spree occasionally, but not too often. His ancestors left the country of their origin because they were dissatisfied with conditions there and would rather remove themselves than fight over them. Whether Puritans or Cavaliers, whether indentured servants or the outpourings of debtors prisons, whether German revolutionists or Jewish refugees from Czarist oppression, whether starving products of Irish famines or of Italian over-population, those who came to America would rather move than fight. All of them adhered closely to religious ideals when it would have been pleasanter to switch to the dominant religious groups. Except the Negroes, all came here voluntarily to avoid the harshness of contention in the old country. Rather than rebel against economic and social conditions, they would suffer the hardships of the frontier.

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Such people made up the American populations. Their traditions have remained with the American people. They are sternly conservative, sternly unwilling to make fundamental changes. The American Revolution involved no economic and few political alterations. The Civil War involved both; yet even the abolition of slavery was not an abolition of capitalism. It was merely the substitution of free for forced labor in the capitalistic system.

Much has been made of the farmer's demonstrations in Middle-western states against high money and high interest rates and cheap commodity prices. But the American farmer is no revolutionist. He resorts occasionally to direct action, as John Brown did at Harper's Ferry, or the inflationists did during the 80s and early 90s, but beyond that he does not support any tendency away from the individualism of capitalism or the democracy of the constitution. Talk Communism to a mid-western farmer and he will call the sheriff; tell him to support a Fascist regime and he will vote for Huey Long.

The phenomenon of an economically distressed people supporting an economic and political system which does not quickly relieve distress is also evident in Japan and Germany—it is the unmistakable sign of a normally conservative and profoundly religious people who fear fundamental changes more than they do hunger.

The safest man throughout the United States is one who lives in a small city or on a farm, even if he cannot meet his obligations. I found in the Middle West and in New England that the man in the small town could eat more readily than rent-payers in large cities. His roof was safe and his neighbors were pooling resources, whether by contributions to charity, or by assistance from the county. In the small towns, the atmosphere is less dismal. In Portland and Bangor, Maine; in Milwaukee, in Champaign, Ill., in Lexington, Ky., I found none of the dire distress, the utter hopelessness that is so evident in New York, Chicago and Los Angeles. In fact, nowhere in the United States is pessimism as thick as in New York.

Constantly did I ask the same question: Why do you continue to live here? For instance, Grand Rapids, Mich., once had a monopoly of the good furniture business of the United States. Gradually, Chicago is absorbing the business of Grand Rapids. Perhaps a hundred furniture manufacturers, I was told, were now exhibiting in Chicago instead of at Grand Rapids. Yet, families remained in Grand Rapids under adverse conditions. Bangor was once the second largest timber port in the world; now its industries have receded to almost nothing. Yet, families remain in Bangor. Town after town exists which seems to thrive on nothing: St. Charles, Miss., for instance, is a wealthy community surrounded by fine agricultural territory, but agriculture brings no money. Evansville, Ind., is a similarly situated city; Lima, Des Moines, numerous other cities, seem to flourish under conditions which definitely indicate retrogression.

The answer seems to be that these people like to live where they live. When Henry A. Wallace's mother was asked whether she would move to Washington to be near the Secretary of Agriculture, she is reported to have replied: "Des Moines is my home." Everywhere I got the same reply. "This is home. Here are all my friends and neighbors. Here I stay."

Now, that was not so in the United States a century ago. Ohio was populated by New Englanders; Californians can trace back to Iowans of two generations ago. The United States was a continent of moving human beings. The covered wagon was replaced by the railroad train, and the American kept moving. Now, he does not move so much. He is slowly becoming geographically static. He is becoming part of a locality and a community. Tell a Santa Barbaran that he should live in Pasadena and he is offended; a Vermonter speaks of his snowy winters with the same religious enthusiasm that a Californian does of his oranges. We are slowly developing almost a Chinese localistic complex.

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Curiously enough such an attitude makes for conservatism in economics and a form of radicalism in national politics. The man who is most concerned with local affairs grows increasingly wary with regard to his own economic interests but would take wide chances in national reconstruction—so long as his commodity is unaffected. In Denver silver is more important than national fiscal sobriety, in fact than any other issue. In New Orleans, cotton is more significant than the foreign policy of the nation. In a part of Maine, the potato looms large; in Utah, beet sugar and silver dominate human thought.

Under such conditions, it is not only those who live by a specific commodity who seek special rights and

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protection, but the entire community joins in support of the local economic interest. The silver senators, for instance, often appear ridiculous to New Yorkers, but the silver senators represent the solid public opinion of entire states.

Are we returning to the localistic atmosphere which preceded the Civil War? Are we faced by a states' rights tendency? Is the movement away from centralized government and beauracracy so evident in the conversations throughout the country, a new phenomenon? Is it revolutionary? Is it not rather part of the sobering reaction to excessive and wasteful wealth during the Prosperity?

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In the rough survey of public opinion in more than thirty states which I have made by actual visits from September to today, I find that the general opinion is that there has been too much Federal government under Hoover, too much domination of the country by a few large cities, too much concentration of authority in New York and Chicago. No topic elicits so much fireworks on the trains or in the lunch-rooms; no after-dinner conversation is less restrained. Jeffersonism is undoubtedly again an issue. Simplicity in government is being asked for—simplicity and inexpensiveness.

In university cities, the conversation runs in just opposite directions. Young professors and ardent students support planned social programs, favor the enterprise of the Federal government in every economic and social field. No university is too old or too conservative to harbor a group that thinks along these lines—that is interested in the Russian experiment, in the lays of the technocrats, in the writings of Stuart Chase. In both large and small cities, groups of women will be found who read plentifully, who are familiar with current political, social and economic movements and who support what they quite roughly denominate as the "socialization" of political and economic processes. They often are most active in the intellectual phases of women's clubs and are regarded as superior minds among their own people. These two groups, one of the universities, the other the intellectual woman, may be regarded as constituting the bulk of the Norman Thomas vote and they represent a specific phenomenon in American life. They are to be found in every city, no matter how small.

But they do not reflect American opinion in the mass which is receding from Federalism. Americans seem to be demanding economic security, and then to be let alone. They are impressing that conception on their Congressman. Mr. Hoover's unpopularity undoubtedly was, in part, due to his inability to grasp this psychological fact. Mr. Roosevelt's depends upon the degree to which he continues to emphasize economic factors first.

When Mr. Hearst used to have cartoons portraying the elder Morgan as a kind of robber baron, he reflected an American opinion of Wall Street. Today, Mr. Hearst avoids the practice. More realistic is a conversation I heard the other night on a train between Fall River and Boston. Said a laborer:

"The funny thing is the rich are outa luck too. I don't get that."

Replied another laborer:

"Well, you can't tell how rich a rich man is until he goes broke. Then maybe you find out that he never was so rich."

Now this is a new thought in the United States. It is also quite general. When the Communists marched in Chicago, their principal supporters were among the intelligentzia, not among the masses. When in a small town, a great family goes under, there is genuine feeling of regret. As one goes about New England, the tale of shut mills is told by a local taxi driver with considerable pity. "They were fine folks, when they had it."

Nevertheless, confidence in the erstwhile leadership of this country is gone. Mention the name of any of the great men of the Post-War era, and there is only derision. No banker, no great industrialist, no college president commands the respect of the American people. There are no Captains of Industry, no Leaders of Finance, no J. P. Morgan, Andrew Carnegie, no John D. Rockefeller, no Charles Eliot. For better or for worse, confidence in great men and great minds is gone.

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"They were no smarter than the rest of us." A man may have been a big-shot in Wall Street, but he is just a piker to the small townsman who bought stock because a high-powered salesman sold it to him on the basis of a notable financier's name in the lower left hand corner of a visiting card. Mention any banker and the conversation runs to Insull. I was on a train from Bangor, Maine, to Boston, when the National City Bank was making headlines in the newspapers. Everybody was sorry for Charley Mitchell, as salesmen called him. "He did like the rest of them and got caught." The question of punishment elicits no desire to put anyone in jail. "He's broke, ain't he? What the hell!"

This is curious, because in other countries, there would be a desire for what might be called mass revenge. In this country, I nowhere found such a tendency. Occasionally one meets an embittered business man who curses the banks which took R. F. C. money and gave him no credit, and in the Chicago area one might listen to caustic comments about the banks which loaned money to Insull, but on the other hand, when Jerome Greene resigned from Lee, Higginson to become a professor in a Welsh University, I listened to tales of regret; and just recently, I heard in Chicago how Charley Dawes had given up the pomp of greatness to rescue the depositors of his bank.

Neighborliness plays a part in all this which no New Yorker, no technocrat, no intellectual who lives by books alone, can possibly understand. It is one's own folks who are going down. For years, these men were the leaders, not only of business, but of the life of the community. They contributed to art and charity; they gave public buildings to the local community; they set the social standards; they made the speeches. "Now they are out; it is just too bad." There is no hatred; there is no desire for revenge; but there is also no confidence. Three great international issues stir American minds. They are "Buy American," "Will the French pay?," "The Sino-Japanese War."

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"Buy American" represents a universal reaction from internationalism. The attitude represents more than the slogan: it represents opposition to entanglements in Europe; it includes a public repudiation of the European policy of Wilson, Coolidge, Harding and Hoover; it is a movement back to non-entanglements. To one who has lived abroad, it is a startling movement because whereas its façade is economic, its structure is political and psychological: Americans don't want to have anything to do with Europe, anymore. They don't want to have anything to do with Asia. From an economic standpoint, it is a dangerous doctrine because it may become sufficiently potent to impede foreign trade. From a political standpoint, it may be even more dangerous because it may hamper the liquidation of all the post-war problems including the tariff and debts; it may hamper Mr. Roosevelt's leadership by making Congressmen and Senators afraid to follow his program. From a psychological standpoint, the movement is inevitable because Americans are fed up with international politics.

In Hollywood, I saw a sign:

"Hearst is Right
Buy American!
We are selling valuable European furniture and works of art by auction to get rid of them.
Buy American."

The dealer was a psychologist. He knew that there was no objection to buying European goods at cheap prices, but that there was a distaste for Europe. In many cities, department stores do not carry stocks of European accessories because women do not like to buy them. In one shop, I asked whether a certain commodity were Japanese and the reply was that it was Oriental. "Buy American," is not a movement to jest about—it is a reality in American life. It is the average American going back into his shell.

No people has ever been so suffused with propaganda to make them internationally-minded. Tons of literature, thousands of lecturers, editorials in newspapers, the very trend of news, functioned to bring the American close to Europe, to make him a part of the international system. Although the United States is not in the League, during the whole of Mr. Stimson's administration of the State Department, we were even more of it than many members. Organizations exist to stir the American government to function as though it were a member of the League.

All this effort hasn't taken. The American is not internationally-minded; he is not even nationally-minded. More and more, he tends to think in terms of his own locality. He is not angry with France for defaulting; he really does not like France. He does not like any foreign country. He does not like Europe. He also does not dislike them. He wants to be let alone.

I listened to more anti-French than anti-Japanese conversation. On my way to Fresno, I was politely put in my place by a Los Angeles lady when I suggested that Californians are anti-Japanese. In Santa Barbara and Selma, I found no anti-Japanese sentiment. At Princeton and Dartmouth, there was a strong anti-Japanese current, also anywhere in Chicago and New York, but not on the Pacific Coast.

In 1931, when I encountered anti-Japanese sentiment, it arose from a sympathy with China. "Why don't the Japs stay at home and let the Chinese alone." In the beginning of 1932, it seemed to be less pro-Chinese than pro-administration. There was a resentment at a foreign country flouting our government. Today, it is quite clear that nobody wants to go to war. In colleges, at Foreign Policy Association meetings, Japan has become abhorrent, an outlawed nation because the League of Nations has spoken. Among other Americans, the issue is quite simple: "We don't want to get involved."

The attitude is a reflex of the "Buy American" movement, of the antagonism toward France. The American does not want to be bothered with the affairs of other countries. I am asked by lecture audiences what would happen in certain eventualities. I state the alternatives and one of them is inevitably war with Japan. I can almost *feel* the reaction in the audience. They don't want to go to war with Japan or with anyone else. They don't really care who holds Jehol (how do you pronounce it, anyhow?). They don't want to take sides. Any lecturer can get a laugh out of the Kellogg-Briand Pact, whether it is at a lecture or in the smoking room of a Pullman. That document was once described by a traveler as "the family entrance to the League of Nations." It is a side-door to internationalism.

To me this has all been surprising, because if one stays in New York, it is difficult to realize that the average American does not read a newspaper which devotes its principal first page space to foreign news. In New York, international news is big news. In the rest of the country, it often is filler. Even in Chicago, it is not very important unless a foreign country does something to offend American prestige, or opinion.

I ride the rails. I see the country. An enormous country, this—full of varied interests and varieties of human beings. The real people, those who make the country what it is, live in small towns and on farms, All read; therefore all have opinions. It is easy to start an argument; everyone will join in it. Strangers meet on a common ground in politics and economics. Men will grow angry. They will tell you things, and straight from the shoulder—and you will never see them again.

A cynicism has taken hold of the people. Who are you to know more than the next man? Where do you get the inside stuff? No man can be trusted to know more than his neighbor. "I heard that plenty," you will be told when you obiter dicta. The great and the small are just the same—pikers caught in the market. Money, the mark of greatness, is gone: nobody has as much as he had; nobody really was on the inside track; they all got caught.

Little despair is evident in the places I go to. Rather is there discouragement, uncertainty, a sense of futility. Still, on they go trying to make a dollar. An American would rather earn a dollar than fight for it; he would rather have prosperity than a new world order. He thinks that he might get that again, very soon, in some way, by some means, probably by an act of Congress. At any rate, he seems to be readier to trust to an act of Congress than to a revolutionist, an expert, or a technocrat. For he can still laugh and a Congressman makes a good speech. He likes a side show like Huey Long; he likes "Eleanor Blue" and Louis Howe. He likes the humanity of "I'm glad it was me, not you."

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The World Prepares for Conference

By Leo Pasvolsky

Leo Pasvolsky, who writes from Geneva on the preparations for the coming world economic conference to be held in London, is co-author of "War Debts and World Prosperity," which Walter Lippmann has called "the indispensable source book" on this subject.

AT THE LAUSANNE CONFERENCE of June-July, 1932, the statesmen of Europe showed the first evidence of their return to sanity by dealing drastically and realistically with the ill-fated reparations problem which had caused untold harm during the years which had elapsed since the war. Pushed irresistibly into this act of constructive statesmanship by the pressure of the business dislocation that had spread to the uttermost corners of the earth, and seeing the very foundations of the world order crumbling into bits all around them, they agreed, at the same time, to convoke a world conference which would decide "upon the measures to solve the other economic and financial difficulties that are responsible for, or may prolong, the present world crisis." They requested the League of Nations to undertake the task of arranging the parley.

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In accepting the task, the League of Nations Council decided to set up an Organizing Committee and a Commission of Experts; the former to have general charge of the arrangements, and the latter to prepare an agenda and to provide preliminary guidance for the deliberations of the conference itself. The experts have now completed their part of the work, the results of which have been presented to the world in the form of a voluminous report.

With the publication of this report, an important stage has been concluded in the work of preparation for the conference. There is still much to be done in the carrying out of the arduous task involved in this attempt to solve by international action some of the pressing problems of our badly dislocated world. But at least, the experts who worked at Geneva from October 31 to November 9, and again from January 9 to 19, have succeeded in making a preliminary survey and in blocking out some of the blueprints for the edifice of action that is to be constructed.

The meetings of the experts were, in themselves, a world economic conference. The commission consisted of 39 members, accompanied by at least twice as many technical advisers. All the important countries of the world, with the exception of Russia, and some of the smaller ones—eighteen in all—were represented, either directly by appointment of respective governments, or indirectly by invitation of the League Council. Three Americans sat around the horseshoe table of the League Council chamber, where the meetings of the commission took place: Professor E. E. Day, of the Rockefeller Foundation, and Professor J. H. Williams, of Harvard University, as appointees of the United States government; and Mr. Leon Fraser, recently elected Governor of the Bank for International Settlements, as a representative of that important institution.

The first meeting of the experts was far from being a success. It was characterized by confusion, rather than cohesion. Speechmaking was pretty much the sole order of the day, and on almost every important point some country, or a small group of countries, was definitely out of step with all the others. The meeting served to accentuate the fundamental differences of views, rather than pave the way to agreement. It ended with the drawing up of a lengthy summary of the discussion that had taken place, which recorded all the relatively unimportant points on which a measure of agreement had been reached, but also showed very clearly how far apart the principal nations still were on the really crucial issues, especially those involved in the restoration of monetary stability and the abating of the present-day suicidal policies of international trade restriction.

Armed with this summary, the experts returned home to consult their respective governments. Two months of these consultations, aided, no doubt, by the rapidly developing course of events, bore, if not abundant, at least satisfactory, fruit. The second meeting opened in a very different atmosphere, and proceeded, with a fair degree of rapidity, to substantial results.

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One significant difference between the first and the second meetings of the experts lay in the treatment of the war debt question. In November, this question was taboo, not so much because it lay outside the commission's terms of reference, but because it had been made the subject of a specific reservation on the part of the United States government. By January, thanks to the evolution that had in the meantime taken place in this question, the war debts had emerged into the open sufficiently for the official American members of the commission to accept the inclusion in the final report of a strong recommendation for an early and all-round satisfactory solution of this vexatious problem. It is true that Mr. Day and Mr. Williams were careful, all the way through, to emphasize the fact that they were in Geneva as experts, and not as spokesmen, either for the outgoing, or the incoming, American administration. Nevertheless, the manner in which it became possible for the commission to handle the war debt issue contributed greatly to the success of the second meeting.

Another extremely important factor was a noticeable

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change in the British attitude toward the question of the gold standard. On some aspects of this difficult problem, the position of the British members of the commission—both of whom were high government officials—was much less uncompromising than it had been at the first meeting and offered definite hope of affording a common ground with the views urged in this vital matter by nearly all the other members of the commission. This change is plainly discernible from a comparison between the November summary and the January report.

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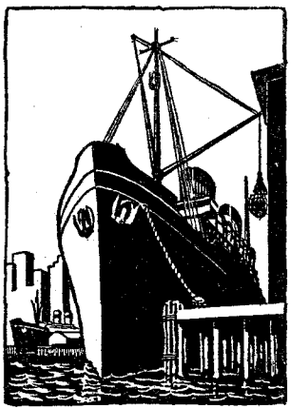
The experts' report is prefaced by a preamble in which they set forth, with dramatic succinctness, the present state of the world as they see it. They explain the inclusion of this section by their desire "to call attention to the gravity of the situation with which the world is confronted," before they enumerate the problems which, in their opinion, require solution. The picture they draw contains references to unemployment, prices, stocks of primary materials, production, trade, incomes, monetary stability, and international debts.

At the time the report was written, unemployment all over the world was conservatively estimated by the International Labor Office at 30 million workers. Wholesale commodity prices, expressed in gold, had fallen, since October, 1929, by approximately one-third, with those of agricultural products and other raw materials down by 50 to 60 per cent. The price of wheat had declined to the lowest level of the past four centuries. "Such price declines," say the experts, "have produced profound disturbances in the economic system; they have thrown completely out of adjustment prevailing costs of the various factors of production, have made business enterprise generally unremunerative, and have seriously disorganized practically all the world markets." They have, therefore, contributed greatly to the appalling growth of unemployment.

World stocks of primary materials, agricultural and industrial, were in 1932 double what they were in 1925. Their continuing accumulation serves to "overhang some of the principal markets and burden the process of orderly price adjustment."

Industrial production had fallen disastrously, with the American steel industry, for example, working at only a little more than 10 per cent of capacity. The value of the entire world trade was, in the third quarter of 1932, only one-third of what it was during the corresponding period of 1929. This was partly the result of fall in prices, and partly of the curtailment of the physical volume of goods moving across national frontiers. This curtailment amounted to at least 25 per cent, "by far the largest fall on record."

All these factors have combined to cause national incomes to decline everywhere, in some countries by more than 40 per cent. They have thrown almost all government budgets out of equilibrium. They have been largely instrumental in forcing half the countries of the world off the gold standard, and most of the others into a disastrous policy of foreign exchange restrictions. They have made the burden of international debts, public and private, an impossible one for many of the debtor nations; in the case of some of these, the total value of exports is today smaller than the amounts required for the foreign debt payments alone.



The experts note that in some more or less isolated instances there have recently appeared signs of improvement. They express their conviction, however, that "recovery will be halting and restricted if unaccompanied by broad measures of reconstruction." It is a program of such measures that the experts have drawn up as the agenda for the coming conference.

The nature of the problems that press for solution is clear from this picture of the world's economic ills. Broadly speaking, national currencies must be restored to a condition of stability; prices must be brought into a state of equilibrium with costs; a way must be open for a resumption of international movements of capital; foreign trade must be freed from the shackles of restriction which now paralyze its operation; it must be given a greater scope of activity for the future by a far-reaching re-orientation of tariff policy; and attempts should be made toward a better organization of production and trade, especially where international factors are involved. The solution of these six problems constitutes the program proposed by the commission of experts.

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In the field of currency stabilization the problem is one of establishing an international monetary system under which national currencies would have a common basis. Such a system existed before the war in the form of the gold standard, and in a similar form after the restoration of that standard during the post-war years. It became disrupted by the recent widespread abandonment of gold. Since then, numerous alternatives to the gold standard have been proposed, either in the form of isolated national systems, or in that of an international system with another basis than gold.

The experts pronounce themselves in favor of a restoration of the international gold standard. They point out, however, that the restoration and the continued effective functioning of such a standard will require the fulfillment of a number of economic and technical conditions. The most important among the former is the establishment of greater freedom of international trade, especially as between creditor and debtor nations, and among the latter, a greater degree of coöperation among national central banks in the coördination of credit policies.

In the field of prices, the choice lies between an adjustment that would lower costs, by a reduction of wages, interest rates, etc., and one that would raise prices. The experts do not pronounce themselves definitely in favor of either, leaving this extremely difficult, and highly controversial, problem to future exploration by the conference itself. They only point out that such measures as more orderly production and marketing, a liberal credit policy, and "a recovery of sound international lending," may, within limits, promote the necessary adjustment.

In the field of the resumption of international move-

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ments of capital the essential problem is the removal of the existing foreign exchange restrictions. The system of such restrictions in a country means control by the governmental authority of all payments made by the nationals of the country in question to foreigners, whether such payments are required for purchases of goods, for the meeting of debt obligations, or for any other purposes. A control of this sort, introduced usually for the purpose of defending the national currency, constitutes a disorganizing element in all credit transactions.

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The abolition of these restrictions involves, among many other measures, the balancing of the government budgets in the countries now imposing the control and an adjustment of the existing private international debts. In the case of the latter, arrangements are necessary that would free the countries which now owe large amounts on the short-term account from the fear of a sudden withdrawal of such funds; in other words, that would render impossible a repetition of what happened to Germany, Austria, Hungary and several other countries of central Europe in the summer of 1931, when a sudden demand for repayment of foreign short-term credits threw these countries into virtual bankruptcy and forced them to resort to the system of foreign exchange control from which it is now so difficult for them to free themselves.

The removal of foreign exchange restrictions is also an important element in the problem of establishing a greater freedom of international trade. In addition to these restrictions, which obviously interfere with the movement of goods, since no imports can take place without prior authorization of the controlling authorities, there are many other recently arisen obstacles to international trade. Many countries prohibit the imports of certain specified commodities, or else subject them to the quota system, that is, permit the importation of only definitely specified amounts. Moreover, customs tariffs have been almost universally raised beyond all reasonable bounds. A general agreement for a progressive relaxation of these quantitative restrictions, and for a demobilization of tariff levels is proposed by the experts as one of the primary tasks of the conference.

In setting forth these various problems, the experts emphasize strongly the need of considering them, not as isolated issues, but as closely interdependent parts of a single problem. "It will not, in our judgment, be possible," they say, "to make substantial progress by piecemeal measures. A policy of 'nibbling' will not solve this crisis. We believe that the governments of the world must make up their minds to achieve a broad solution by concerted action along the whole front."

In this way they put the issue squarely to the governments of the world. And in addressing the governments, for whom, of course, their report is intended in the first instance, they use straightforward and strong language. After their description of the condition of the world which we summarized in an earlier part of this article, they say:

"Facts such as these indicate the extremities to which the forces of disintegration have already carried the economic and financial world. Further losses of ground cannot be contemplated without the gravest forebodings. . . . Failure in this critical undertaking threatens world-wide adoption of ideals of national self-sufficiency which cut unmistakably athwart the lines of economic development. Such a choice would shake the whole system of international finance to its foundations, standards of living would be lowered, and the social system as we know it could hardly survive. These developments, if they occur, will be the result, not of any inevitable natural law, but of the failure of human will and intelligence to devise the necessary guarantees of political and economic international order. The responsibility of governments is clear and inescapable."

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The task of the governments, as the experts have thus outlined it, does not consist merely in waiting for the conference to convene and then attempting to find solutions for the problems they have to face. "On the contrary," say the experts, "the success of the conference will depend in great measure upon the vigor with which the participating governments enter upon preliminary negotiations in the meantime. The prospects of substantial, all-round success in the necessarily complex and multilateral conference discussions will be greatly enhanced if, in the intervening months, preliminary negotiations have cleared the way for reciprocal concessions."

The months which must still elapse before the conference meets some time next summer will be much more crucial than the conference itself. The negotiations among governments which must now begin in earnest constitute the second, and in many respects much more important, stage in the work of preparation for the forthcoming economic conclave of nations.

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How Poor Is America?

By Robert R. Doane

A nation's wealth can only be measured by the volume of its products. Robert R. Doane, economist, analyst and author of "Wealth, Income and Consumer Purchasing Power in U. S.," uses this realistic measure in cutting through a mass of statistics and conflicting data to arrive at a new estimate of our present wealth.

IF AN IMAGINARY GIANT could have mounted some mighty tower on a clear mid-afternoon in the spring of 1929, and, with sweeping glance of his telescopic eye, reviewed the whole of the United States as it carpets some three million square miles of the face of the earth, he would have been gazing out upon the modern world's most valuable single piece of property.

Before him—spread in majestic panorama—with all of its labyrinthean grandeur lay nearly two billion acres of rolling fruitful land—for his impartial contemplation. Aside from the great industrial workshop along the eastern seaboard and the Great Lakes, there would have swept westward from the Appalachians and the Adirondacks to the Rockies a vast and prolifically fertile plain—the spacious valley of the Mississippi—a thousand miles wide and about as long. In this single strip of land, from ocean to ocean, between the parallels of 26 and 55 degrees north, stretches, in all its luxuriant promise—man's new Garden of Eden—in a very old, and, at the moment, extremely weary world. Here were a billion acres of farm land, a half-billion acres of verdant forests, a hundred million acres of iron, copper, coal and mineral land, thirty-four million acres of rivers and lakes, and another hundred million acres of urban territory in various stages of unfinished development.

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Sprinkled in clusters over this expanse could be seen more than sixteen thousand villages, towns and cities, surrounded by nearly six and one half million farms. Here were some thirty-seven million buildings and structures housing factories, stores of goods and materials, power plants, libraries, schools, churches, theatres, hospitals, barns, silos, filling stations, and homes. Here were also some 127 million machines of iron, steel, brass and bronze—made from the ground upon which they rested—and fashioned by man to perform miraculous things. Engines, turbines, motors, dynamos, tractors, lathes, spindles, presses, an almost countless array of efficient mechanical devices holding within themselves the power of 700 million invisible horses to aid in the tasks of men.

Nor is this all that a discerning eye would have seen. Standing out impressively would have been that astonishingly vast and intricate net-work of connecting paths. Winding and threading their way—under, over and upon the earth—in a colossal jig-saw-like maze would be seen some 93 millions of miles of varied transport lanes binding and welding this enormous community into one inseparable, homogeneous neighborhood. Two million miles of rural roads, six hundred thousand miles of surfaced highways, two hundred and fifty thousand miles of steel rails, fifty-nine thousand miles of navigable waterways, seven hundred thousand miles of petroleum, gas and water pipe lines, one hundred and sixty thousand miles of electric transmission lines, and eighty-eight million miles of telephone, telegraph and cable lines. A spectacle that dwarfs the seven wonders of the world! The mightiest transportation plant ever built. A monument in copper, steel and macadam to man's indispensable mobility—the conquest of space.

Here and there under the shade of spreading foliage and in open pasture land could be seen grazing more than one hundred and eighty-five million horses, mules, cows, sheep and hogs. A half-billion chickens, turkeys, ducks and guinea-fowl were in the barn-yards. A grand total population of domestic animals almost six times that of the population of man.

Here, then, were resources in abundance. To the struggling, impoverished humans of a few centuries ago this would have appeared as a veritable heaven, the true El Dorado, beyond all possible hope of man's practical attainment. Yet such was the pleasant scene in the spring of 1929. A scene dominated by tranquillity and contentment. An inventory of resources as fabulous as the superlatives it has taken vividly to describe it. And, upon inquiry from our visitor to the tower, our bookkeepers of this enterprising property would have informed him that what he had just reviewed was valued in the prevailing currency of the realm at some 452 billions of dollars in gold. The richest single community ever built, inhabited, or managed by man.

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Now, in the spring of 1933—some 48 months later, an incredibly short period of time—should our imaginary visitor, or anyone of ourselves, mount this mighty tower, there would be a physical scene but little changed to look out upon. In fact, and in many respects, there would appear quite notable improvements! Some twenty millions of additional acreage would be found under cultivation. We have 104 more power-houses, 36,000 more miles of pipe lines and 150,000 miles more of surfaced highways. Also we have more school houses, more libraries and churches. There would be found still an abundance of wheat, corn, cotton, wool, copper, and other stores in the warehouses. More money would be found abroad in the land. More gold in the banks. And,

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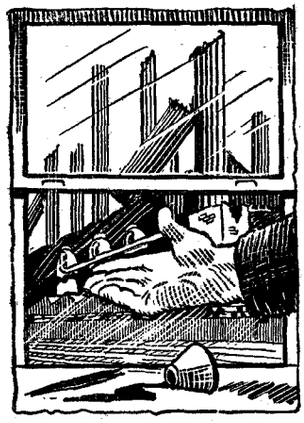

above all, five million more human beings that have come to increase the population during the four-year period.

"Ah!" our visiting friend might well say to our bookkeepers: "indeed you are a remarkable people! You have done well. You have added to your family numbers. You have added to your physical property—and, I observe, through the peaceful rest of some 14 millions of your people who now no longer toil—you have added the rewards of leisure."

"Oh no!" our bookkeepers must regretfully reply, "we have suffered much. We have lost some 200 billions of dollars of our wealth. Our total income is less than half that of four years ago. We can no longer find sufficient work for our men, our resources, or our machines." Whereupon, at such an astounding revelation, in the face of visible contradictory evidence—now observable even to the naked eye—our visitor takes leave either bewildered, as his heart fills with munificent pity, or with profound disgust.

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The foregoing has been made by way of creating a setting for what follows. Such a method of approach through actual physical resources is the only way in which we can first strike down through the great mass of existing confusion, entanglements and controversy over current problems of adjustment, to the fundamental facts beneath. Much of our quibbling runs in money terms whereas ultimately a nation's prosperity can only be measured by the volume of its product, and by the manner in which that product is distributed among its institutions and its people. When the foundations of previous concepts of capital and of property seem to have been shaken, the intelligent individual can only stop and take an inventory, penetrating in its completeness, if he is to arrive at constructive conclusions upon which to base his future economic action.

Have the American people, as a whole, suddenly become so much poorer in the past few years? Or has this flood of liquidation been unnecessarily violent and blindly deceptive? Has it resulted merely in a shift of capital from one group to another? If not, where has all the money gone that once absorbed unlimited issues of domestic securities, that floated successive foreign loans, that kept an unprecedented speculation alive and in continuous operation for so many years? Has the capital supply of the United States been actually dissipated, or have we been tricked into believing it was exhausted? Is the present astonishing lack of funds an illusory thing, or does it represent a condition of more or less permanence? To ask these questions is simple—but necessary.

The fact that such questions are not new but have recurred with each successive depression throughout the past half-century warrants their most comprehensive examination. They are entitled to a hearing, and they are entitled to the most honest of all possible answers. Our past knowledge of business crises has shown repeatedly such events to have been due to (1) economic revolutions, (2) the development of new institutions, and (3) the resulting new set of conditions, in all of which our leaders of affairs had not sufficient knowledge, experience, or broad integrity for their proper management and control.

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We have been treated to a maze of statistical findings of such questionable validity as to place our knowledge of economic facts in an altogether needless state of chaos. On one page of our morning paper we read the statement that the governor of a great state finds "an abundance of money and credit for all legitimate business enterprise." On the next page of the same paper we find an important group of bankers declaring that "there is no surplus of funds." At the top of one page we read "Employment increases 1.9 per cent," at the bottom of the same page we read "Employment decreases 3 per cent." At the beginning of one year the bank examiners of forty-eight states issue a solemn proclamation that banking conditions were never more sound. And within twelve months, more than 4,000 banks close their doors. We read estimates of the national wealth ranging from 360 to 450 billions of dollars for the same year. We read estimates of the national income with an even wider margin of extreme variation. The president of a great fact-finding body issues a specially printed document wherein he declares that there has been an "increase in savings to the stupendous amount of over 50 billions of dollars" during a depression year!

The demagoguery of the political stump would seem to melt into sheer infantile innocence before such blatant economic quackery. It is just as much a felony for government officials and business organizations to issue misleading and half-accurate statements as it is for a corporation willfully to tamper with its balance sheet and income statement for the purpose of affecting public estimates of their values. By such acts it must be obvious that deceit and bigotry did not die when Martin Luther nailed his thesis upon the church door. There are just as many sacrifices on the altars of economic bigotry today as ever existed in the middle ages. The underlying motives of men may shift like the sands from the Gods to Liberty, and from Liberty to Wealth. But this does not mean that they know anything, or ever did know much about the subject matter of their objectives. From an age of ritualistic robes to an age of stuffed shirts is but a step. The robes have merely been discarded for the publicity agent and a few bright but dumb college graduates. The damage such methods may have done to sane public thinking has unquestionably been great. But it cannot be considered as completely irreparable. And this—every man who is capable of straight thinking knows. We may "kid" ourselves into a depression, but we cannot "kid" ourselves out.

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Now if all of this is true, it then appears that we have been, as a people, somewhat stubbornly persistent in living upon a level of intelligence considerably below that of which we are capable. As has been ob-

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served above, wealth, welfare and the common weal are but the accompaniment of mobility and informed action. Activity of this sort is of the very essence of wealth. Without it, wealth withers, stagnates and decays. There is nothing inherent in the physical properties of wealth that can add to the increment of man's well-being without the corresponding labors and industry of men—be that wealth incarnate in bricks and mortar, land, labor, machines or power tools.

With all of the work that is needing to be done, with almost ten thousand towns and communities in America without means of adequate sewage and garbage disposal, with imperfect water supply systems, with antiquated transit systems, lack of public health and recreational facilities and pathetic general housing conditions, we stand dumb, mute, and idle.

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What, then, is balking our progress? What are the obstacles that are so frightfully obstructing our paths to sane action? Is it fear of phantoms, or some abiding lingering faith that by borrowing time through moratoria we may somehow be cared for by the avenging gods of fate?

Demand! Effective demand that comes only to market with spending power. Yes. These are the answers. But through what agency? Through what markets? There are three great markets in the world we know, namely: (1) foreign markets, (2) domestic consumer markets, and (3) the capital goods market. Foreign markets are small and fractional and for the immediate present of problematical value. Domestic consumer markets under continued unemployment and reduction of incomes cannot hope through any process of magic to expand. Capital goods markets are already vastly overcapacitated.

Somewhere, somehow, the people of America, and of the world, await increased spending from somebody. And this can only be accomplished through the instrumentality of some agency empowered with sufficient authority and credit to make its objective effectual. A very long time ago a wise man remarked: "Government comes into existence in order that men may live together—and continues its justification of existence in order that men may live well." The original concept of government implied the necessity of an organization equipped with sufficient compulsory powers to care for the collective wants and needs of the people whereby its essential value can only be realized in practical form through the economic activity required for this purpose. It is only from such a point of view that anyone can see clearly the necessity of government, a necessity which has always been the starting point of all financial operations, and thus connected with the whole of our economic activities and the problems of wealth and of property. Thus it has been but natural for the people to turn first to government in their periods of distress. In the abdication of private initiative there has been nowhere else to turn. Our own government's stake in our nation's banking and business enterprise is now so great that disaster in the one field could only mean disaster to our government and to its people. In the avalanche of crucial events of today the financial and social policies of all governments become of fundamental importance.

The public has not lost its wealth. It has lost control over its wealth. The prompt development of adequate programs involving positive economic action must now be met through whatever agency falls at hand—and without stint. The means and method are known to more than one high priest of finance. With the casting aside of petty selfishness a great wave of restoration and hope would re-vitalize the world. We are faced now with the problems of fundamentals, and not with the puzzles of competitive, individualistic policies.

Periodically, for a number of years, we have had various estimates of the national wealth. As a matter of fact the Bureau of the Census in Washington has supplied estimates bearing directly upon our total wealth at ten year intervals since 1850. These estimates have been broken down into such categories as real estate, urban and rural, livestock, farm implements, gold and silver coin and bullion, manufacturing machinery and tools, railroads and their equipment, communication systems, shipping and canals, agricultural, mining, fisheries, manufacturing and imported products, furnishings, clothing, works of art, monuments and all articles of personal adornment. Thus it will be seen that wealth in most of its aspects is composed of a highly heterogeneous mass of many things, from hay and milk, iron and cotton-land to pigs and pearls.

For more recent years we have had wealth estimates from the National Industrial Conference Board, the Federal Trade Commission, the Chamber of Commerce of the United States, and many private studies in addition to the Bureau of the Census. Although all of the above recognize that their results are rough approximations at best, yet they supply us with a measure more or less adequate to arrive at a rate of our wealth accumulation and to note the more significant changes which have occurred from one category to another.

Thus it will be noted that there have been many estimates of the wealth of America, as well as many estimates of the wealth of the American people. Which are two entirely different things. And at the present time such a distinction becomes of the utmost importance, not alone from the standpoint of business but from that of the formulation of major political policy as well.

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No adequate conception of the total national wealth can be obtained until it is broken down into its major functional parts. Profit and non-profit bearing wealth must be segregated. The value of monuments, public parks, country clubs, golf courses, and many non-productive items must be eliminated from our computations. When this is done an amazing fact presents itself to view. Even in the peak year of 1929 the American people were utilizing but slightly more than *one-half their total wealth for the normal productive processes.* And, what is of even more significance, since the turn

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of the century that proportion of our total wealth devoted to monetary profit-bearing production has undergone continuous decline. These are matters of record and are all subject to more or less careful and accurate measurement.

This is no isolated bit of phenomena, but is equally true in varying proportion among other lands. The point is that in a period where all forms of property have undergone such drastic changes in value it becomes imperative that we discontinue broad generalizations and the promiscuous use of grand totals for a more detailed observation of the nature of wealth and property and the various uses to which they are put. There are also the problems of *tenureship* and of *distribution* of property among the various wealth-holding groups that must enter into any useful analysis.

It is only after these factors have been taken into consideration that we find that all of the wealth, as has been so frequently asserted, is not vested in the hands of the people. Various institutions operating under definite trusteed agreements, corporations under legal protection, banks and financial holding companies, government sub-divisions and foreign holdings have all to be considered when we attempt to locate the capital assets of a nation.

Now the management of wealth and property is rarely as simple, and almost never as appealingly comfortable, as it looks. The high commissariat of Russia or the Rockefeller Foundation in America would be the first to tell you that.

When viewing the problems of property as wealth in this sense, we cease to employ the vague term "wealth" and substitute "capital" in its place. Bank deposits, cash in hand, cash surrender value of life insurance policies, tax exempt securities, stocks and bonds form the first line defense in our liquid capital reserves. Mortgage holdings, real estate equities, fiduciary estates and claims combined with all forms of personal property chattels make up the second, and last line, of defense. The capital values in this latter classification are not so readily convertible, and in periods of declining values can only be realized through appalling sacrifices. In fact an extremely large portion of this character of capital is barely convertible at all.

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It is further worthy of note that more than one-half of all our individual capital reserves in the hands of the people are in this non-liquid form. Moreover, at the present time, that form of reserves in the hands of the people which are represented by cash, demand and time bank deposits and cash surrender value of life insurance, stands at less than sixteen per cent of the total individual capital reserves. And that portion of this type of reserves, in the hands of 99.03 per cent of all income recipients below the $5,000 income classes, stands today at less than 6 per cent. A point worthy of the utmost serious attention.

A wise observer of life once remarked that a man's judgment is no better than his information. It was an abstract statement, to be sure, but it applies with unerring accuracy as the perfect definition descriptive of our prostrate world of today. Never has there been such an abundance of relevant factual data as exists in the archives of American business and of American government as may be found today. Never has there been such a flagrant disregard for the uses of such information. It is part of the outstanding phenomena of our time.

Due to the fact that everything that man makes for human use and for human and mechanical consumption comes either off or out of the earth, we can tabulate every item in the long list of mineral, forest, fisheries and agricultural products. We can set beside each item, be it bauxite, manganese, gold, or spinach, the quantitative amounts produced in terms of pounds, tons, and dollar values annually. Each item can even be traced, throughout the whole list of classifications, as to where it goes, and in what amounts, and what happens on the way. We can go much further. The interrelationship between industries, the interlocking rates of growth, how gains or offsets affect the whole of industry or some fractional part. It can be demonstrated as to the effect upon capital earnings, employment, consumer purchasing power, and government tax receipts as well. This is no idle fancy, but an immense practical fact capable of detailed demonstration. Thus far has knowledge advanced during so recent a period as the past ten years.

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The four grand divisions of our economic enterprise may now be studied in detail, as to numbers employed, capital invested, income germinated, liabilities incurred, and taxation receipts. For purposes of condensation and simplification it is well to recall that we are continuously engaged in four primary operations, namely: the *production of raw materials,* the *processing and manufacturing* of these materials into more useful forms, the *distribution* of these goods to the ultimate consumer through retail and wholesale outlets, and the rendering of *services* by way of transportation, communications, public utilities, professional, insurance, banking and governmental. Under normal conditions there has been a remarkably even distribution of the total gainfully occupied among these main divisions, although the distribution of capital and income has been somewhat less uniform. Because of limitation of space, the full analysis cannot here be presented. However, the following comparative percentage distribution tabulation together with changes that have occurred since 1929 may prove enlightening:

Year 1929	Gainfully Occupied	Total Income	Total Capital	Debt Liabilities	Total Taxes
Raw materials	25.5	12.4	17.1	9.8	14.6
Manufacturing	24.2	31.2	14.1	6.6	17.7
Distribution	24.3	25.1	18.2	18.0	14.3
Services	26.0	31.3	50.6	65.6	53.4
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%
Year 1932					
Raw Materials	32.1	13.7	22.7	9.4	16.1
Manufacturing	18.5	25.1	17.4	4.8	15.9
Distribution	18.6	27.4	19.1	15.5	13.9
Services	30.6	33.8	40.8	70.3	54.1
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%

It will, of course, be noted that the great volume of unemployment has fallen almost entirely within the fields of manufacturing and distribution. That there

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has been but a very slight change in the shifting of debt liabilities and tax burdens, whereas the shifting of capital values has been most notably manifest in the field of services. Services as here used include transportation, communications, public utilities, professional services, and the uses of all urban real estate for business profit. All three fields of raw materials production, manufacturing and distribution or merchandising employ the use of services. It will also be observed that after the alarm displayed by certain groups over indebtedness outstanding against obsolete equipment, the total part played by manufacturing in the entire debt structure is an astonishingly small one. The big problem here is to be found in services. Especially does this relate to railroads, to government, and to the home mortgage and floating current debt of the people. It is in this field where three-fourths of our total liabilities are to be found, and at this point where the whole problem must inevitably be first attacked. What might, at first glance, appear as a discrepancy in capital changes is chiefly due to the volume of materials and stocks of goods on hand, while in services the major declines have been in transportation and in urban real estate values.

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Considerable further enlightenment may be obtained by securing a complete picture of capital wealth and debt liabilities as they have undergone change during the past four years. The following condensed tabulation shows, in addition, the percentage of debt (both long and short term) liabilities to total capital assets, and the percentage distribution of total tax and interest payments to total gross income.

(*All monetary figures in millions of dollars.*)

Year 1929	Assets $	Liabilities $	Per cent of Liabilities to assets	Percent total tax payments	Percent total interest
Raw Materials.....	77,600	17,285	22.1%	5.1%	5.4%
Manufacturing	64,200	11,700	18.2	1.5	.9
Distribution	82,700	31,651	38.2	1.5	2.9
Services	227,900	114,651	50.2	5.1	10.9
Total.....	452,400	175,253	38.7		
Year 1932					
Raw Materials.....	48,700	15,300	31.4	10.0	10.2
Manufacturing	37,400	7,950	21.1	2.3	1.0
Distribution	40,900	25,156	61.3	1.5	3.0
Services	86,800	113,294	130.4*	5.9	13.5
Total.....	213,800	161,700	75.6		

**Liabilities exceed assets by 30.4%.*

Here can be seen vividly the full significance as to where our great volume of debt liabilities have fallen the heaviest. In the field of services, which as stated before contains railroads, public utilities and urban real estate, we find a state of *negative* capital. That is, the liabilities exceed the total assets. It is also quite worthy of note that taxes have placed their chief burden upon raw materials and services, with noteworthy proportionate increases upon raw materials in 1932. Thus the great burden of both debt and taxation has fallen almost exclusively in the fields of raw material production and services in 1932, to the extent of almost 20 per cent of their gross income.

The normal difficulties surrounding exact measurement of the national income have met with increasing perplexities during the year just past. Especially has this been true in computing governmental subdivision salary and wage payments. Due to the financial embarrassment of many municipalities a portion of such civil payments have been met through the issuance of scrip. The exact amount of this practice cannot be definitely measured at this time as full reports are not available. Another factor of increasing importance has been that of welfare and emergency relief payments. The continued decline in employment and total wage payments, which has directly affected more than 60 per cent of the total national income, has vastly increased the burden of relief agencies. The spreading growth of barter exchanges coupled with the issuance of community scrip and special trade scrip has also proven difficult of measurement in monetary terms.

The following tabulation of changes and apportionment of the total national income received in money payments by individuals is worthy of particular note:

(*All figures are in millions of dollars.*)

Year 1929	Wages	Dividends	Interest	Rent	Other	Total
Raw Materials..	3,537	492	327	1,291	5,469	11,116
Manufacturing .	17,966	2,546	209	182	7,115	28,018
Distribution	17,129	625	52	1,780	8,288	27,874
Services	14,931	1,776	2,064	2,598	1,218	22,577
Total	53,563	5,439	2,652	5,851	22,080	89,585
Year 1932						
Raw materials...	2,354	219	222	673	2,544	6,012
Manufacturing ..	8,015	1,001	88	101	1,709	10,914
Distribution	6,552	135	14	1,010	4,210	11,921
Services	10,544	803	1,135	1,303	852	14,637
Total	27,465	2,158	1,459	3,087	9,315	43,484

Comparisons with 1929 show decline in the total wealth to have been 52.5%, declines in total income 51.5%, with the most drastic declines in dividend payments, other income (which includes net profits from private business enterprise, pension payments and insurance payments), and total wage payments. It will also be noted that total wage payments still remains the dominant portion of the total income.

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With all of these considerable changes in the wealth and income of the American people since 1929, and with the corresponding catastrophic declines in purchasing power, America is still in possession of the largest volume of liquid credit and liquid capital reserves of any nation in the world. In 1929 the United States held 44.6 per cent of the total wealth of the world. In 1932 that proportion has increased to almost 50 per cent. In all of the items of economic importance and efficiency the United States still stands supreme. We still have half the banking-power of the world. We still have half the income. Our capacity for industrial and agricultural production still stands overwhelmingly greater than that of any group of our nearest competitors. We have sufficient resources to solve the problems of poverty. We possess sufficient knowledge to care for the perils of plenty. Can it be that we are poor in wit alone?

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Our Catchword-as-catch-can Critics

By John Chamberlain

John Chamberlain, associate book critic of the "New York Times" and author of "Farewell to Reform" makes a critical estimate of our social critics—and finds them wanting.

SOME FIFTEEN YEARS AGO Van Wyck Brooks, in his "America's Coming-of-Age," remarked upon the deplorable tendency of our critics of life, letters and society to exhaust themselves in furious battles over catchwords. The New Freedom, the New Nationalism, the New Woman, they had come and gone, and nothing had been settled, nothing done; issues (save for Woman Suffrage, an instrument to be used rather than an end in itself) had been more obscured than discussed. Since that time, through a decade of assaults upon all sorts of restraining fetters, we have had fights for the "civilized minority," for innumerable youth movements, for a dozen freedoms, whether sexual or cultural, for the New Humanism and the New Agrarianism and the New Naturalism, for what might just as well have been called the New Technology (Technocracy, of course). We are now supposedly in the midst of a battle for the New Deal. What does it all mean? "What," so a man from Mars might pardonably ask: "what is all this *newness* about?"

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And in asking this question, the man from Mars would imply, ever so delicately, that our social critics are not up to their jobs. The social critic's first duty, since he is our one instrument for the clarification of issues, is to see implications, not to create slogans and to ride upon bandwagons. The creation of slogans is the job of the politician. A good social critic should be equipped to see around slogans, to test them, to speculate upon what will be their consequences in action.

What are our critics of society doing today? These critics range themselves loosely into various camps. The boob-thumpers are still thumping boobs (although for different audiences now); the criers for standards, the New Humanists have more or less subsided, inasmuch as they had no objective order in a dynamic society from which to derive their fixed standards; the rationalists, such as Joseph Wood Krutch, are just recovering from the decision, formulated in "The Modern Temper," that the description of an act in scientifically precise terms necessarily reduces the pleasure and consequent value of the act; the liberals (Walter Lippmann and Nicholas Murray Butler) are still fighting the battles of the Manchester School; the social planners (Stuart Chase and company) are attempting to centralize and regulate the industrial machine; the young Marxians are applying Marx to everything; and the instrumentalists, following John Dewey, are wondering whether the Socialist Party is to be their instrument; and if so, do they really want Socialism?

So the scene is wide, and the objectives seemingly many. But the question proposes itself for the inquisitive man from Mars: do these critics, by and large, really know what they are about?

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In order to decide, let us *reculer pour mieux sauter;* let us go back to the first *sloganeers,* to the crusaders for the New Freedom and the New Nationalism. In the Rooseveltian and Wilsonian days, the New Freedom and the New Nationalism connoted many definite things in the realms of politics and economics. The New Freedom meant, if it meant anything at all, the banking reforms suggested by Justice Brandeis in his "Other People's Money"—reforms which, if instituted, would have summarily removed the banker from industry, thus decentralizing control for the modern Jeffersonians who, with Woodrow Wilson, hated monopoly. But the Wilsonian critics stopped a long way short of studying Justice Brandeis and a long way short of howling that the New Freedom must, if its implications were to be anything more than verbiage, be translated into this actual program for decentralization of the control of industry. As a result, the phrase remained a shibboleth, an emotional catchword, good until the next catchword, "Make the world safe for Democracy" came along to stampede the battlers for the New Freedom.

The New Nationalism also meant something that was never pursued to its end by the sloganeer critics. As Beveridge, its prophet along with Roosevelt, indicated, it meant high standards of conduct for American industry. It meant good wages, shorter hours, social services—but it also meant high tariffs for the maintenance of the home market and for the protection of labor. It meant disposing of surpluses abroad, i.e., a scramble for markets and eventual impetus to war. These latter implications of the New Nationalism (which would have become the New American Hitlerism) were never baldly stated by the "Progressives"; they were "Christian soldiers" and they stuck to the contemplation of the immediate social good. But they were, by the same token, bad critics; they didn't unravel the implications of their doctrine.

To come down to the more modern scene, we discover a number of furious conflicts today over new ideas, or new slogans, that have served to hide the implica-

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tions of the idea, or of the slogan. The critics of Technocracy are the most recent offenders. A good criticism of Technocracy can be made, for the publicists of the group have been pretty fervid sloganeers themselves; they have shown no appreciation of the human factors involved in social change. But Henry Hazlitt and Walter Lippmann, rationalist and liberal respectively, have not, in their otherwise brilliant articles on Technocracy, attempted to plumb the implications of the latest cult. For example, Mr. Hazlitt, who knows the history of the 19th century as well as any man, reminds us that prophecy of increased technological unemployment is an old bogey, raised in the time of the Chartists and repeated in every crisis since. But Mr. Hazlitt's history turns out to be British history. Why should machinery endanger a nation like 19th century Britain, with a virtual monopoly of foreign trade? Since the time of the Chartists the world has become so much industrialized that machines may be a danger. England has competitors today, in Germany, the United States and Japan, which she did not have previous to 1900; she also has the dole, an unemployment problem and a serious problem of tariffs which she did not have before. Does it take a Technocrat to suggest there may be a connection between these phenomena? I am not certain the menace of the machine will not be solved under capitalism, but Mr. Hazlitt, in making one social situation do for another (1833 equals 1933 on his calendar), is hardly fair to his own ability, and certainly not fair to the ideas thrown into the open forum by Technocracy. He has caught the fever which he resisted in the New Humanist controversy of some years ago, and fights over slogans rather than make the attempt to unravel implications.

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Mr. Lippmann has done a similar thing. Deriding the "prophecy of doom," which is a pertinent derision, we may willingly grant, he has immediately involved himself in a contradiction—and hence inadvertently brought out something which the Technocrats themselves have skimped. Mr. Lippmann speaks of the "frantic sales campaigns of the boom era" and the "forcing of exports." A moment later he says the technologically unemployed have been absorbed into trade, transportation, clerical service, the professions, domestic and personal service and political jobs. Well, just how much of this trade and transportation is included in the "frantic sales campaigns of the boom era" and the "forcing of exports"? Technocracy, rightly welcomed, should lead to such a study. But because of the battle over slogans, the study probably never will be made. Mr. Lippmann seems in danger of never realizing that he has revealed the possibility of such a thing as "disguised technological unemployment." Obviously, if one is thrown out of productive work and forced to become a salesman, one may be a direct cause of unemployment through salesman's activities in glutting the market.

The battle over Technocracy was in the traditional line of all such battles. The squabble over the New Humanism worked itself out into similar desuetude, with none of the basic questions ever really discussed. The New Humanists posed one great question, unknown to themselves. It was: What are the possibilities of standards of conduct in a surging, dynamic society? This question is still waiting for an answer.

The most dubious slogan-mongering, however, tends to circle around the term "liberal." To be a Liberal is to be on the side of the angels. Dr. Butler calls for a "liberal" wing of the Republican Party. William Harlan Hale calls for "liberal" boring-from-within the old parties. In the resultant shuffle, the fact that "liberal" is an adjective is entirely forgotten. You can have liberal and conservative capitalists, liberal and reactionary communists, liberal and conservative technocrats. "Liberal" can only be understood in relation to something else. What would a "liberal" Republican be? Is there any room, actually, in this party for Dr. Butler's desire: a world freed from economic rivalries? Doesn't Dr. Butler, in his wish to "free" the market by action on the war debts, belong in the tradition of Arthur Salter and Walter Lippmann—in the Manchester tradition? Is the party of Mark in that tradition?

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The word liberal, traditionally, belongs to the Manchester school of philosophers, social critics and economists—a school close to the thinking of Grover Cleveland and the early Woodrow Wilson in America. It implies free trade; it is the version of capitalism that would preserve the unstemmed action of the law of supply and demand. But as John Strachey, a former member of the British Labor Party, points out, this means, logically, a wholly "free" market—a market in which labor is treated as a commodity. Once fix maximum hours and minimum wages, once grant unemployment insurance, once legislate social services, and the free market is compromised. Our liberals—Mr. Lippmann, James Truslow Adams—have not attempted to deal with this contradiction. They have assumed that social services, the progress of acts for the amelioration of labor, can continue, if only the world can get on its feet again. They want to go back to 1910, to the pre-war world. But the pre-war world created the war; it was cause and effect. Now, if instead of talking about tariff grabs, these holdovers from the pre-war days would only talk about *world legislation* of hours of labor and minimum wages, enforced from Geneva, then competition might be restored to a fair level, in theory.

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Doubtless the young Marxists, a growing school of social criticism, think they are challenging assumptions, exposing implications, renovating thought at its base. Some of them are. But the besetting sin of this school is its religious attitude toward social phenomena; it accepts the words of the master as gospel, and seeks to apply cut-and-dried criteria. The fact that technological improvements have driven men out of difficult labor, whether into bourgeois employment, or into the ranks of the undisciplined unemployed, and thus seriously weakened the conception of the naked class struggle (I do not say killed it), is not encountered by them. It would be far more effective if, following the example of John Strachey in England, the young American Marxists would begin by induction, with an investigation of the American social complex of today in the light of recent history. The question is: Not to apply Marx, but to find out whether Marx is applicable, in toto, in part, or not at all. This is a task for the critic who knows an implication from a handsaw.

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The New Deal In Banking

By Edward Angly

This is the final article in a series begun in the February issue of NEW OUTLOOK *dealing with the weaknesses and failures in the American banking system.*

THE WRECKAGE of what was the world's wealthiest, and worst, banking structure is slowly being carted away to the dump heap. There let it remain with the rest of the trash of the malodorous Twenties!

What, eventually, is to arise in its place? A courageous President has promised us that only the good stones shall be retained for use in building a new temple. It is to be hoped that Trust and Honor will stand forth from the façade where Success and Greed were graven in the one that fell. Unless that is to be so, unless the chastened bankers have taken to heart the salutary lessons of the crisis of February and March, all the new banking legislation that an energetic Executive and a coöperating Congress may impose shall not prevail against other financial calamities in the days to come. Only sound men can make sound banks. Laws alone cannot do it.

The recent crisis, long delayed by artificial stimulants, was a blessing to the good bankers, a warning to the others. Morally it was excellent for us all. At last sham and fraud and the mouthings of mountebanks were exposed even to the blindest and most ignorant. A whole dreaming people were compelled to became realists and face an ugly fact. All the Pollyanna pretence, the Barnum-like buncombe of the first three years of the depression were finally and openly appraised at their proper value.

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Until a solid new structure has been built, the banking system is merely camping out, with a President-dictator as guide and an expanded currency as grub. For the time being, certain drawing room customs must give way to those of the woods. That is why the Federal Reserve system and the Reconstruction Finance Corporation were authorized, in the Emergency Bank Act of March 9, 1933, to look for a while through rosy spectacles at assets that had a repulsive aspect to the naked eye. That is why the government offered its own mittens to warm the frozen fingers of many careless bankers.

Eventually the bankers must come out of the woods and enter a home to replace the one that fell. Is it again to be a structure with two unharmonious wings, embracing forty-nine different types of apartments, or will it have architectural unity without, and a means of enforcing uniform rules of conduct within? Toward this end the Emergency Bank Act offered inducements to the state banks which are outside the Federal Reserve system to ally themselves with it. As a system, it is far from perfect. Many good bankers are among its severest critics. As a preventer of panics—the one thing the general public ignorant of the workings of economics had been led to expect of it—it fell down miserably. But, at the moment, it is the only partly centralized banking system that this country has. On the horizon nothing to replace it has yet appeared.

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Our chastened bankers and their depositors, sheepish and otherwise, could perhaps learn a lesson or two for the future by looking across the northern frontier to Canada or over the Atlantic to the countries of western Europe. Those peoples have not escaped the depression. But they have been spared wholesale suspensions of banks. Germany, Austria and other stricken sections of Central Europe excepted, they do not even know what a banking moratorium can mean in everyday life. To a degree which the majority of Americans scarcely realize, Germany has experienced the extremes of both inflation and deflation. It has borrowed as sottishly as the United States has loaned. Yet its bank failures have been few. In England unemployment has been chronic since 1920. Britain's major industries—coal, shipbuilding, textiles and heavy manufacturing—have been in a slump for more than a decade. But only the gray beards can remember England's most recent commercial bank failure.

Post-war France experienced a fictitious prosperity, an inflation that ended only after the franc had lost nine-tenths of its value. The inflation was followed by a sharp, painful deflation, and the Republic is now feeling the pangs of a cut in foreign trade and the weight of the highest of tax rates. One or two rather sizeable French banks had to send out S.O.S. signals, and some of the small bucket-shops that posed as banks collapsed a few years ago. Yet, taken as a whole, the French banking structure has been riding out the storm undamaged, either in purse or in prestige.

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Canada, more comparable to the United States in geographical extent and general economic status, has suffered only twenty-six bank failures in the past sixty-five years. Since 1923—while some 7,000 banks were toppling in the United States—only one crash has occurred in Canada. In the whole history of the Dominion the loss to depositors through bank suspensions has aggregated less than $14,000,000. Mere pin money, that would be, in a Republic that counts its bank losses by the billions, its disappointed depositors by the millions.

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Proponents of branch banking sometimes imagine that Europe and Canada have strong banking systems because of it, and America a weak structure because of the general lack of it. The difference and the explanation for the dissimilar fates to which the depositors here and abroad have been subjected, lie far deeper. There is a difference not only in structure, but in practices. There is also a wide difference in traditions.

To the best of my knowledge and belief, there is also a difference in the type of men who go into banking, here and abroad. In Western Europe banking is regarded as a profession. Here it has been a game, or a business, that any group with $10,000 in promissory notes could enter. It has been a fertile field, in recent years, for the promoter and even for the racketeer. Small wonder that an angry public, not long ago, put into circulation the word "bankster!"

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In Europe the class system, with its unwritten laws and its own code of ethics and conduct, controls the behavior of the bankers far more than does legislation—of which there is far less than here. England has few statutes to regulate banking, but England has many traditions, which are stronger than laws. Here the reverse is true. Almost the only tradition here has been that each American community would be best served by unit banks, independently and locally owned and operated, rather than by branches of institutions established in the big money centers. Changes in the economic and social make-up of the United States are undermining even that chapter in the gospel of individualism. The picture of hundreds of banks rushing to the Reconstruction Finance Corporation like pigs to a nursing sow would scarcely be labelled "decentralization." Perhaps, though, one could call it ragged individualism.

In Western Europe and in Canada the banking systems of each nation are nationally unified. So are banking practices. Here there are forty-nine varieties of banking regulations, one for each state, and one Federal provision for the national banks. Here there is a dual system—the state banks and the national banks. Practices vary, not only with the type of men who happen to operate any given bank, but with the region in which it does business. With the Federal Reserve Act as a notable exception, most of the banking laws enacted in recent decades were motivated by the desire of closely regulated banks to adopt some of the dangerous get-rich-quick practices of their more loosely supervised brethren. Of such stuff was the bill passed in 1900 which lowered from $50,000 to $25,000 the minimum capital upon which a national bank might be chartered. Of such, too, were many of the provisions of the McFadden Act of 1927 which permitted the national banks to follow the state banks into the ice box where real estate loans and savings accounts chill the assets.

The whole foundation of the American banking system—if such a disintegrated conglomeration of counting houses, pawnshops, mortgage brokers, bond and stock dealers and real bankers can be called a system—differs from that of Europe. Over there commercial banks revolve about a central bank like stars about a sun. Over here the Federal Reserve System—until the recent eclipse—embraced only one-third of the banks of the country, though these held two-thirds or more of the nation's bank assets. For twenty years, the Federal Reserve System was obliged to handle the State banks in its membership with silk gloves lest the more obstreperous of them should flee from the fold to the other side of the fence, where the grass appeared to be greener.

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The art of banking, as a British financier once expressed it, consists in knowing the difference between a mortgage and a bill of exchange. Commenting on that remark, W. J. Weston in his "Economics of the English Banking System," wrote:

"Since the banker's liabilities are largely demand liabilities, he will rarely make advances upon the first. Upon the second, a security automatically maturing in a short time, he readily makes advances. It is this determination of the British banker to keep his resources liquid, to make only such advances as will speedily return to his bank, that enables us to conduct so much banking business on so little gold reserve."

In Western Europe the central banks, that is, the Bank of England, the Bank of France, the Reichbank and their counterparts in other countries, have the power to fix an efficient bank rate. They can raise it to reduce a speculative fever, or lower it to ease the money situation when constrictions become the vogue. Such has long been their practice. Their power is a check rein on the commercial bankers, on brokers, and on business in general. Here the Federal Reserve Board permitted stock exchange operators to grasp the reins during the run-away of 1928-29. In the last years of the prosperity madness it was the call money rate in Wall Street which played the tune by which the bankers danced. A country banker in the corn belt, or wherenot, could borrow from the Federal Reserve at four or five per cent and park the money near the Curb, or the Big Board, at several per cent more. When commercial paper and bankers' acceptances were bringing in almost six per cent, the Federal Reserve kept its rediscount rate at five per cent, and even less. That is one of the things that isn't done in Europe.

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Nor in Canada. In Canada a man cannot go into the banking business just because he happens to have a bit of loose capital and a desire to make some more by using other people's money. First, he must convince the Dominion authorities that the bank he proposes to open is needed. The provinces, unlike our individual states, do not charter banks. There is one national system. At ten-year intervals a Federal body meets to consider whether the Federal Banking Act needs revising. A Canadian bank cannot lend money directly on real estate. Most Canadian bank loans are made against security rather than collateral. In crop seasons the Canadian banker may legally rediscount or borrow 15

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per cent more than during the other periods of the year. There is little temptation to abuse this privilege because, after all, it involves a loan that must be paid back, and interest has a way of accumulating on loans.

Some of these differences the late Paul M. Warburg pointed out to his adopted compatriots years ago, but that lesson, like the storm warnings he hoisted in the spring of 1929, did not greatly impress the American bankers. To hell with slow-pokey Europe or sparsely populated Canada, they said; American banks had their own way of doing business.

One of their own ways has been to convert commercial banks into financial department stores. Custom and tradition, rather than law, have kept the European from putting too many irons in the fire. Ordinarily the English commercial bank, the joint stock bank, catering to the depositors and commercial borrowers of the larger public, leaves the investment and commission business to the investment banker and the broker. The formation of syndicates to underwrite large loans and peddle securities is left to private banking houses. The flotation of foreign securities, and the financing of foreign business, is mostly directed, in London, by banks which specialize in dealings with certain overseas regions—India, South America, Australasia or the Far East, as the case may be.

Generally speaking, the European depositor and the European stockholder expect a bank director to direct. And he does. He isn't appointed merely to add another impressive name to the string of commercial and industrial celebrities on the letterhead. The dummy director who is not supposed to do anything but add his personal prestige to the bank and subtract an occasional gold coin for looking wise at board meetings is an institution largely American. European banks pay their directors well and expect them to be worthy of their hire. Both law and tradition tend to make them so. In Germany, for example, a bank director is criminally liable if the bank with which he is connected issues a prospectus on a public offering of securities which furnishes wrong and misleading information. It is not so long ago that England clapped a belted Earl in jail for such an offense. In some European countries a security prospectus must be approved by a government commissioner and must contain "all facts of importance" about the corporation concerned and the stock, or bond, offering advertised. But here an investment banker can pen a prospectus in the style of a circus press agent and get away with it. He can say Giraffe Common was "represented" to him as having a neck ninety feet long. If the stock turns out to look more like a professional wrestler than a giraffe the suckers can neither get their money back at the box office, nor chase the spieler out of town, or into the calaboose. Meanwhile he has pocketed his "spread," the difference between his buying and selling price of the security.

Nor has the risky promoter who calls himself a banker even felt obliged to obey such regulations as the states and the national government set up. He gets away with unsound and discountenanced practices when times are good. The supervisory authorities hesitate to pounce upon him when times are hard and depositors are nervous. Only a few weeks ago United States Senator Carter Glass, speaking to his colleagues on behalf of his banking bill, remarked:

"I should not like to depict the exact situation as it has been portrayed to me by those who are charged with the duty of supervising banking institutions and exacting from them obedience to the law. The laws and regulations of the Comptroller's office here in Washington have not been enforced now for nearly two years; and the office dare not enforce them now because even the best informed may not accurately conjecture what would be the result.

"So many of the banks have their portfolios choked with immobile, and in many cases worthless, investment securities; so many of the banks have been compelled to discard caution in order to accommodate commerce and industry; so many of the banks have failed and are now failing to write off their books losses incurred and worthless accounts, that the office of the Comptroller of the Currency has been compelled almost to close its eyes to the situation."

In an earlier debate, Senator Glass had said:

"It appeared from our inquiry that the office of the Comptroller of the Currency . . . has been greatly perplexed and embarrassed in the enforcement of the law authorizing him to close what seems to him to be an insolvent bank. The Comptroller has great reluctance to apply the drastic condemnation of the law. He waits, sometimes vastly too long, before he takes action. The Comptroller admitted that the Comptroller's office had knowledge of the precarious condition of that large bank at Louisville, the failure of which spread consternation and distress over a great part of that country, and of another bank in Tennessee, the failure of which did likewise; that the Comptroller's office had knowledge that these banks were engaged in irregular and unsound, if not actually illicit, business five years before the failure came; that the files of the Comptroller's office were replete with admonitory letters, with letters severely protesting against the practices in those banks over a period of years; but they did not close up the banks because of this reluctance of the Comptroller's office to resort to that proceeding.

"I took the liberty of suggesting to the Comptroller that he would have better severely dealt with those banks five years theretofore, so that the failure which was inevitable when it came would not have been so extensive and disastrous. But he suggested, and we have acted upon the suggestion, that there should be a less drastic penalty. The only penalty now is to close up the banks. No matter how much he may admonish them, they disregard the admonition; they disregard what is called the 'criticism' of the examiner and the Comptroller's office.

"So we have embodied in the bill a provision which authorizes the Comptroller and the Federal Reserve agent, when a bank is found in irregular and illicit and unsound practices which it either fails, or refuses to correct, to summon these bank officials to a court of inquiry and give them a thorough hearing, and, if the facts sufficiently warrant it, to suspend or dis-

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miss the officers of the bank."

The Glass bill passed the Senate during the late Congress, but the lame ducks in the House were quacking about other things and did not get around to it. It was promptly reintroduced in the new Congress. Public interest during the last stages of the late Senate's debate centered, not on the provisions of the bill, but on the filibuster conducted against it by Huey P. Long, the Louisiana Red Snapper. He talked himself onto the front pages for twenty-odd days. In all that time, so far as I have been able to judge from a boresome, and conscientious, reading of the *Congressional Record,* he said scarcely anything about banking.

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For those who had not the time to ferret out the banking provisions of the Glass bill from under the avalanche of Biblical quotations and barnyard similies spread over the nation while Senator Long held the floor, it may be fitting to summarize them here.

The Glass bill at long last would give the government a moderate amount of police power over bankers. Bad ones could be got rid of without closing their banks. The bill provides for the removal from office of directors and officers of member banks who have continued to violate the banking laws, or who have pursued "unsafe and unsound" banking practices after being warned by a Federal Reserve agent or the Comptroller of the Currency. Presumably banks outside the Reserve system may continue along the primrose path.

The bill places restrictions upon the policy of the Federal Reserve banks with a view to limiting their credit extensions for commercial purposes and forbidding their use for speculation. It requires national banks to divorce their affiliates in five years. It provides that investment banks affiliates shall be supervised in the future, much in the manner whereby public authorities regulate commercial banks. The bill also prohibits member banks from acting as the medium, or agent, of any non-banking corporation, partnership corporation, partnership association, business trust or individual in making loans against the collateral of stocks, bonds or other investment securities to brokers or other dealers in such securities. To the Federal Reserve Act the bill would add a new section providing for a Federal Liquidating Corporation empowered to liquidate the assets of member banks closed by the Comptroller, a State Superintendent, or the directors themselves.

Hitherto closed banks have been carrion upon which receivers might fatten. A receiver usually is paid a pretty penny for his trouble. It is to the interest of his own pocketbook that the work of liquidating an insolvent corporation should drag out as long as possible. The Bank Emergency Act of March 9, 1933, routed this racket. It empowered the Comptroller, in closing unsound national banks, to put them in charge of a conservator who "shall receive as salary an amount no greater than that paid to employes of the Federal government for similar service."

Under the Glass bill the minimum capital stock upon which a national bank could be chartered is $50,000 instead of the present unsafely low level of $25,000. Almost sixty per cent of the national banks that collapsed between 1920 and the recent holiday had capital of only $25,000 each. Another ten per cent of the casualties were capitalized at less than $50,000. In Canada $500,000 has long been the minimum upon which a bank might begin operations.

The provision of the Glass bill which has provoked the loudest rumpus, inside the Senate chamber and out, is that which authorizes national banks to establish branches in states where the state laws expressly authorize branch banking. A few states authorize it, a few expressly forbid it and others have no laws on the subject—another example of the lack of unity in banking legislation.

At its roots the opposition to branch banking springs from an instinct genuinely American. The tradition of unit banking—with each bank standing on its own feet in its own home town—has been the American tradition since pioneer days. There are, however—or, rather, there were last October—1,300 branches of national banks in operation in this country, and several hundred branches of state banks. Probably there will be more next October, for that is the way the wind is blowing, in banking as in commerce.

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So far, unhappily, there is little evidence that branch banking has been conducted any better in this country than unit banking. Large banks with many branches have bogged into the mud in many cities. In England five banks with thousands of branches do eighty per cent of the ordinary commercial banking business of the country. In Canada a dozen joint stock banks, all with branches scattered over the continent, do most of the Dominion's banking. Branch banking which radiates from Paris covers all of France. It should be remembered, however, that England had sound banking even before the wave of amalgamations concentrated the business in the hands of the "Big Five" during, and just after, the war. The soundness of the banking structures in Canada and Western Europe cannot justly be attributable to the mere fact that branch banking cares for the bulk of the business. It is attributable to the fact that the banking practices are sound.

That the people of the United States will permit branch banking on a nation-wide scale seems, at the moment, unlikely in either the near, or far, future. It is not needed, and certainly it is not desirable so long as the spark of promoter psychology, so long as the admiration of mere bigness, burns in the American breast. But branch banking within separate states is already here to stay. Branch banking in even larger "trade areas" is probably just over the cloudy horizon.

In various parts of the country group banking is already common. So is its sister, "chain" banking. The latter is defensible enough in theory. But viewing the manner in which unsound bankers have operated it here and there, it is open to attack on the ground that those who forge the chain sometimes seem to think that a chain is as strong as its strongest link. Group banks came into being after the passage of the McFadden Act

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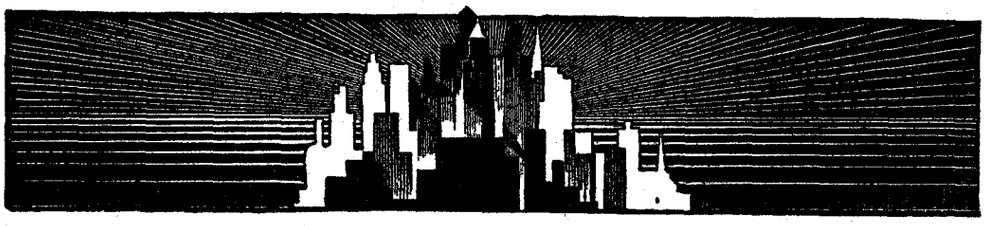
in 1927. Many of them have exchanged stock in a holding company for the stock of the separate banks in the group. The group bankers, unless they are good ones, can cause more agony to depositors than the unit bankers —as the people of Michigan and the residents of various other states have so recently learned.

Whatever direction American banking is ultimately to take when it recovers completely from the current spasms, two things are certain. One is that we shall never have universally good banking until our bankers, as a whole, acquire a better sense of responsibility to their depositors and to society than they have shown in the past thirty years. The other thing is that we shall never have a banking system worthy of the name so long as it is a dual system, with the states competing against national legislation to encourage Tom, Dick and Harry to establish banks. Since the National Banking Act was enacted in Civil War days, the dual system has acted as a bar to every effort made at reform. It has kept the American Bankers Association so divided in its mass opinion that no one, least of all the men in the banking business, believes the American bankers are either capable or willing, under present circumstances, to undertake a reform of their own wobbly, undisciplined "structure." So far reforms have come from outside—from the Glasses and the Roosevelts.

As long as the dual system exists there can be no effective control, either of bankers, or of bank credit. Lack of such credit control facilitated the credit debauch which brought on the headaches of today. Those who advocate perpetual continuance of forty-eight varieties of state banking laws scream the shibboleth "State rights" as though such things had existed since April 6, 1917. Yet these protesting folk and their state bankers formed eagerly in the tin cup queue when the Reconstruction Finance Corporation began pouring out public money to the banks at the rate of $1,000,000,000 in twelve months. And now some of them, although they should know that every state guaranty fund set up through the country has been a ghastly and costly failure, a penalty put upon good bankers to support the losses of bad bankers, are advocating enactment of legislation to make Uncle Sam guarantee every bank deposit in the land. Thus would they subsidize the rotten bank and perpetually encourage the incompetent banker. Thus would they drive the government lickety-split down the road that leads to bankruptcy.

With the storm blown over and survivors coming out of their cellars to cart away the débris and build anew, there is one fundamental to which each banker would do well to return. That foundation of good banking is a realization of the true meaning of the word that is constantly on a banker's lips, the word "credit." It is derived from the Latin *credere*. It means to trust, to believe, to have faith in. It implies a source of honor. That is what a judicious banker looks for in a borrower. That is what a depositor has a right to demand in the character of his banker.



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Watchman, What of Our Pensions?

By Louis Stark

Four million American workers live and labor in the hope of some day retiring on a pension. Louis Stark, writer and expert commentator on labor, warns of the imminent collapse of American pension systems.

TONY BACIGALUPO is 35 years old. He has been employed by a steel company near Pittsburgh for five years. In acquiring a family he has dropped the carefree habits of the swaggering young man of twenty-one. Reflecting upon the future as he sometimes does, he wonders about his job. How long will it last? What will happen when he is old? Will he crawl about like Old Beppo, begging on street corners? Or will he live respectably like Old Martino who has a monthly pension from the company?

Without understanding anything of his company's pension plan, Tony has a feeling that he is "all right." To what extent is he justified in that feeling?

To begin with, Tony is more fortunate than six of his friends for he is the only one in the seven lucky enough to work for a company with an industrial pension scheme. He is one of the 4,000,000 industrial workers —out of 28,000,000—covered by a pension plan.

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What chance has Tony of receiving a pension? Before he can reach the desired goal he must jump through more hoops than a circus performer. Here are some of them:

1. He must be employed by a company that has a pension plan.

2. He must remain with the company until he is sixty-five years of age.

3. He must have continuous performance. If his last six months, or year, layoff is at the age of fifty-five his pension chances are virtually nil. There are probably 85 chances in a hundred that he will quit the job, or die, before reaching pension age. If his age is 25 he has less than 10 per cent chance of reaching pension age in the company's service.

4. If he remains with the company until he is sixty-five the pension plan must still be in effect—a mighty big "if"—all things considered.

5. Since the award of a pension is discretionary with the company it may decide that Tony can still do good work, and ought not to retire even though theoretically he is supposed to be retired whenever he applies for the pension after the age of sixty-five.

6. Once the pension has been granted the company must decide to keep on paying it. Most voluntary plans have no legal obligations, and the pension can be reduced, or discontinued.

7. As only 8 per cent of the workers covered by industrial pension plans in the United States are dependably protected by guarantees adequately financed on sound actuarial bases, Tony must be lucky enough to be in this group of 320,000 out of 4,000,000.

8. Finally, having reached pensionable age Tony must keep on living for a while to enjoy his pension.

The plan which covers Tony is typical. It is non-contributory, and bases the pension on Tony's average annual wage for the few years just preceding retirement, multiplied by the number of years in service. Thus, one per cent of his income of $1,500 a year, multiplied by 35, the years in company employ up to 65, would give Tony a pension of $525 a year.

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The case of Tony, multiplied many thousands of times, throws into high relief another casualty of the depression and the New Era which preceded it; it is part of the debacle of a plan that once was heralded as a stout prop of the existing economic and industrial order. But the prop has turned out to be a reed, and the reed has collapsed.

These are the conclusions derived from a monumental work on "Industrial Pension Systems in the United States and Canada," just completed after five years of study by Industrial Relations Counselors, Inc., of New York, a non-profit-making research organization. The report is the result of a comprehensive study of more than 500 pension plans, including practically all those now in operation as well as those which were discontinued. It was prepared by Murray W. Latimer in three volumes, two on industrial pensions and one on trade union pensions. The trustees of Industrial Relations Counselors are Raymond B. Fosdick, chairman; William B. Dickson, Ernest M. Hopkins, Cyrus McCormick, Jr., John D. Rockefeller, 3rd, Arthur Woods, and Owen D. Young. Arthur H. Young is secretary and chief executive officer.

Private industrial pension plans were first inaugurated in 1873 because of the general lack of provision for the aged and superannuated. Communities were unwilling to support this group, and corporations did not wish to court an adverse public opinion by turning old employes adrift. At the same time it was believed that pensions would be more economical than keeping employes on the payroll; it was also hoped that they might help in checking strikes, in reducing labor turnover and accidents, and in restraining trade union activities.

The first industrial pension plans were put into effect on the railroads whose example was followed by banks,

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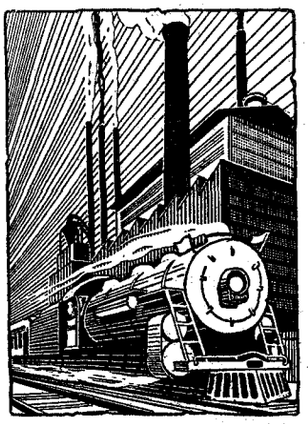

public utilities and manufacturing industries. Four-fifths of those covered in the schemes are employes of railroads, public utilities, iron and steel plants, petroleum concerns and electrical apparatus and supplies industries.

The prosperous years 1925 to 1929 saw a strengthening of the financial bases of the industrial pension movement, but the mortality since 1929 has been extremely heavy. Of the 500 plans studied 40 were discontinued in the last three years while 61 others, covering normally 1,100,000 employes—one-third of those in all existing plans—were deliberalized or scaled down in benefits. While 69 new plans were adopted during the three year period, the number of those covered by the new plans was only one-third as great as the number of employes in the abandoned plans. One-half of the railroads, employing 60 per cent of the personnel of the industry, reduced pension allowances already in force.

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Why was the pension movement as a whole in 1932 in a much more precarious condition than three years earlier? Why do so few plans give assurance of complete security, so that nine-tenths of all those covered may lose their pension prospects at any time? Why have pension plans failed workers when their benefits are needed most, in time of depression?

The report has disclosed a host of reasons, foremost among them, the following:

Inadequate financing, lack of legal safeguards, discrimination in favor of management and against the rank and file of workers, inflexibility, misconception of the nature and true uses of pensions.

Haphazard financing has been the rule for most pension systems. Disregarding actuarial considerations, most of them depend upon current revenue to cover pension payments. Depreciation of pension fund investments and incomes have impaired the future prospects of a number of pension plans.

Stockholders seeking to bolster up dwindling dividends are beginning to question the legality of obligations incurred in pension plans. In one case a company that had guaranteed pensions went bankrupt and the Federal Court had the pensions stopped, indicating that probably pension guarantees not ratified by stockholders are invalid. The Public Service Commission in Wisconsin last year criticized the Wisconsin Telephone Company for its method of handling pension funds and questioned the validity of its guarantees in the face of conflicting court decisions.

Plans to which employes have contributed have proved no less risky than other plans. When Morris & Company, Chicago packers, were merged with Armour & Company, the pension liabilities of Morris to its 600 retired pensioners alone amounted to $7,000,000. Armour refused to assume the liability, and when the employes pressed a suit the court held that the pension plan created no contractual obligation on the part of Morris & Company. Since that decision, however, some contributory plans have been improved, and there has been a definite trend toward this type in the last 3 or 4 years by a number of important corporations.

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Pension funds may sometimes become the object of stock market manipulation, even in cases where the company has guaranteed the pension. The head of a large industrial corporation was tremendously excited one day upon receiving a circular from a brokerage house which commented on the reserve set aside for pensions and pointed out that a sizeable extra dividend could be split if a pool were to take control of the company's stock, abolish the pension scheme and capture the reserve. While the pension plan of this company guaranteed payments the funds were not legally trusteed and they were susceptible of removal. The stock jobbers were frustrated by the company which quickly reinsured the plan and removed the fund so that it could not be "captured."

When is a pension guarantee worth more than the paper on which it is written? Only when the funds are adequately trusteed, because otherwise the plan courts insolvency. Besides, the temptation to tamper with the funds may be irresistible. The directors of a large corporation recaptured the reserve set aside for pensions, merged it with the general profit and loss account, taking the money from the pensions and giving it to the stockholders. Pensions were then cut, some as much as 75 per cent.

One of the largest companies in its line in the world has a plan guaranteeing that pensions will be paid as long as the pensioners live. Early last year it decided that too much was being paid pensioners and when they received their next cheques they found on the back a statement in which they were to agree to a 10 per cent reduction. To cash the check they had to accept the curtailed pension benefit.

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Most of the railroads reduced pensions 10 per cent in 1932 in conformity with the wage reduction agreed to by the employes. Some of the industrial corporations which made pension reductions in 1932—one was as high as 25 per cent—were the Pittsburgh Coal Company, the Colorado Fuel and Iron Company, the Tidewater Oil Company, Louisville Railway Company, Des Moines City Railway Company, Gorham Manufacturing Company, the U. S. Rubber Company and the Rudolph Wurlitzer Manufacturing Company.

Several corporations that have joint contributory schemes do not return the employes contributions when the men are severed from the service. In other cases one-half of the employe contributions is returned without interest while in others voluntary resignation deprives a man of his contributions and dismissal for cause is accompanied by a refund. The theory in all these cases seems to be that the man should be punished for leaving his job.

The pension scheme is not without its racketeering possibilities. Of the new contributory plans adopted in the last few years two-thirds of the schemes return the employes' deposits without interest when they leave the company's employ. This is done only on the assumption that the corporations can "get away" with it, and the

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employes do not know their legal rights. The basis of the refusal to return interest is that the plan is a retirement, not a saving plan. Since few men serve long enough to merit the pension it would appear that this excuse is invalid. By withholding interest on deposits of employes who leave, or die, companies cut down their own pension costs. Since few employes, at least in the lower ranks, can hope for long service with a single company the loss of interest is clearly a reduction in wages. Among the pension plans which make no provision for the return of interest on withdrawing employe contributions not a single one was found "which contains a straightforward description of withdrawal benefits and the effect of their terms on the operation of the plan; the statements in some plans are definitely and intentionally misleading."

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Most of the hopes of sponsors of pension plans have been shattered. Early expectations were that they would result in large economies because of the prompt pensioning of workers who reached the limit of their usefulness. These savings appear to have been greatly exaggerated. The plans have had little influence on labor turnover except as a means of facilitating the retirement of the superannuated or incapacitated. As a method of checking strikes and counteracting trade union activities pension plans have proved illusory.

It was found that while some companies approach, or achieve, financial, or legal, security of their pension plans, so few combine all the conditions of legal security that more than nine-tenths of the workers covered under all plans may lose their pension prospects at any time due to the lack of either legal, or financial, guarantees or both. There is not yet one company maintaining an irrevocable plan, so that, strictly speaking, no industrial pension in existence offers absolute pension security to participants.

Pension plans have failed to be a special factor in attracting desirable workers who are more likely to be motivated by current wages and opportunities for advancement than for "pie in the sky bye and bye."

Most plans favor management unduly. It was natural for the managers of industry whose initiative resulted in the inauguration of many pension plans to see to it that they were well provided for, but sometimes the aggregate pensions of a few executives amounts to half the aggregate pensions of hundreds of employes.

Here is the way pension schemes operate to favor the upper class group. The ordinary employe begins at a low wage, and his income tends to rise in slow stages until he is 45 or 50. His average wage is what he receives from the age of 25 to 35. The wages of management, however, tend to keep on going up until it is time for the executive to retire. Since pensions are usually based on the last ten years' pay, executives draw higher pensions as their incomes have continued to mount while those of the workers under them have stopped growing. Pensions based upon final salary, or salary in the last few years of employment, discriminate against the rank and file of employes who are the bulk of pensioners, and favor the technical and executive staffs which are responsible for the administration of the plans but which constitute a comparatively small group on the pension roll.

Executives have more stability in employment than minor employes. Executive staffs are not exposed to occupational accidents as are those in the lower scale groups, and the mortality rate of the executive group is lower than that of the skilled, or unskilled, workers. These factors all work to favor the executive's chance of a pension as against the minor employe.

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Most pension plans are insecure because of inadequate financing, lack of actuarial soundness and because of failure to provide adequate legal safeguards for the funds, and for the preservation of the rights of employes. Unless these policies are changed it is obvious that the industrial pension is doomed.

As late as 1927 most companies with pension systems had set aside no funds for the payment of benefits in the future. There was some improvement by 1932, but even then most pensioners and employes were members of pension systems "for the support of which no funds had been accumulated."

Investment of pension funds were also found to be insecure. Many millions were merely in the form of balance sheet reserves on the books of the companies.

Even trusts may not be secure, as the Wisconsin Public Service Commission pointed out with reference to the Wisconsin Telephone Company which had adopted the "stereotyped form of pension trust fund agreement utilized by the American Telephone and Telegraph Company." The Commission said that "this 'trust' is patently stamped as revocable at the whim of the donor, the Telephone Company," and added:

"Furthermore, it is a most peculiar 'trust' in that there never is a dollar in money, or independent securities, which passes from the company to the Trustee. If the Wisconsin Telephone Company were to become insolvent financially the Trustee might well find itself with a series of uncollectible promissory notes."

The Commission quoted from the Trust as follows:

"The company may direct the Trustee to invest all or any part of the Pension Fund in any bonds or notes, whether secured or unsecured, of the company, or of any associated or subsidiary company of the Bell System."

Summarizing its findings in this case, the Commission stated:

"Should the inquiring employe of the Wisconsin Telephone Company endeavor to find out what his supposed trust fund is, he will search the balance sheets of his company in vain, for there is nothing therein to identify this trust save the item—'bills payable, $2,049,606, as of December 31, 1931.'"

Despite all these defects in its trust, the American Telephone and Telegraph Company's pension fund arrangements are as strong, if not stronger, than that of most other companies.

Mr. Latimer's study developed that investment in speculative securities were found to be permissible. Some of the pension funds administered by company executives are known to have been unwisely invested.

The analysis indicated that many companies which accumulated funds offered no protection against their possible diversion. Employes are rarely found on pension administrative boards. Their petitions may receive insufficient consideration even if they are presented. Ex-

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ecutives are usually too busy with their own affairs to familiarize themselves with the technic of pension plan operations with the result that before they become aware of the dangers, expenditures mount to such high figures that the plans sink into a financial morass from which it is difficult to extricate them.

Few plans fund the liabilities, preferring to pay pensions out of current income. Plans for funding pension liabilities are well under way in a few large corporations, but the railroads as a whole have not yet made a start toward funding, and the iron and steel industry, the most important single manufacturing group operating pension systems, has hardly begun funding its pension liabilities.

While pension plans cover comparatively few workers, aggregate payments run up into big money. In 1931 about 140,000 pensioners received $100,000,000. Industry set aside $625,000,000 that year as a reserve for future pension payments. That's a lot of any man's money. It is but fair to emphasize at this point that pension plans in industry were introduced because no social provision for the aged had been made.

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Most of the pension expenditures came out of current revenues, and not from funds that had been accumulated. That this method was extravagant was not fully realized until, in many cases, large deficits of unfunded liabilities had been incurred. Directors are reluctant to recommend policies requiring increases in expenses. This policy of drift has sent a large number of pension plans on the rocks during the depression.

Long service requirements which provide for twenty, or twenty-five years of continuous employment with the same company have detracted from the value of pension offers. Consolidations and mergers, changes of production methods and of markets, place an increasing number of obstacles in the way of long, uninterrupted employment with one firm.

Arbitrary provisions are sometimes inserted in pension plans. One railroad retains the right to cancel any pension "whenever it is established in the opinion of the Pension Committee that the pensioner displays a decided lack of appreciation of the company's liberality in granting the pension." Lack of appreciation may cover a multitude of things!

Further expansion of voluntary industrial pension plans, according to the researches of Industrial Relations Counselors, is definitely limited in scope. Little opportunity for the successful operation of pension plans is offered in industries such as mining, where workers rarely attain old age, or in industries like construction, or contracting, where tenure of job with a single employer is usually brief. The field is also extremely limited in the style goods and luxury industries and perhaps also in machine tool, cement, canned goods and lumber.

Organized labor has always fought shy of voluntary industrial pension schemes on the ground that they would seek to chain the workers to their jobs, wean them away from unionism and make them serfs of industry. To afford their members a measure of security, the unions have established old age pension schemes of their own, independent of employers. Examination of these plans by the group indicated that on the whole they are in so precarious a condition that "they cannot much longer be maintained on existing financial foundations."

The trade union pension movement began in 1905, and by last year had covered 25 unions with 1,500,000 members, or 45 per cent of the total membership. The difficulty in the union pension system has been the same as that of industrial pensions, the unavoidably high cost of any pension system when financed out of current revenues. As a result of the present status of union pension plans, labor organizations have redoubled their efforts to further the passage of state old age pension laws. To this end the American Federation of Labor has formulated a standard old age pension bill. Sixteen states have old age pension laws on their statute books. The Colorado law, which had been in existence since 1927, has just been declared unconstitutional because of administrative provisions. Before February 1 last nearly 50 bills for old age pensions had been introduced in 21 states. There is now under consideration in Congress two pension proposals submitted by railroad employes which would compel the roads to establish joint contributory plans.

While Gerard Swope, president of the General Electric Company, has formulated an employes security plan for the electric industry that would include disability and old age pensions, the possibility of an entire industry acting as a unit in the establishment of a pension system seems far in the future. Last year the New York Building Congress, comprising all factors in the building industry in New York City, after an exhaustive study of the problem, concluded that private pension plans would be inadequate and recommended endorsement of a state compulsory plan to which employers, employes and the state would contribute.

Dramatic evidence of the failure of the whole industrial pension movement is implicit in the conclusion of the report of Industrial Relations Counselors which lists twenty-nine safeguards and precautions that should be taken in formulating any industrial pension plan. These include provision for membership, guarantee of funds, adequate financing, security of funds, flexibility as to retirement provisions, maximum limitation of pension awards, separation of upper and lower ranks to avoid discrimination.

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What is the future of industrial pensions? Few plans will be able to survive unless there is a measurable recovery from the depression in the near future. Business improvement is absolutely necessary in order to permit the accumulation of large funds necessary to save these plans.

"Voluntary provision of complete old age security by industry under a business economy in which the criterion of success and the condition of continued existence is profits inevitably involves inescapable contradictions," the report concludes.

The logic of the pioneer work undertaken by the Industrial Relations Counselors points only in one direction: towards a compulsory governmentally sponsored old age pension system if more than a fraction of industry's superannuated workers are to be properly cared for against old age distress.

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Russia's Worst Enemy

by Ellsworth Huntington

American labor's new argument for not recognizing Russia is that the horde of Russian workers can down the American laborer. When an eminent geographer looks at Russia he fails to find any basis for this argument. Ellsworth Huntington, geographer, is a professor at Yale University and contributor to "The New Russia."

THE SOVIET REGIME has come to grips with its worst enemy, the peasants. Whole villages recently have been uprooted from Kuban, and sent north because they were not supplying enough grain. Doubtless the villagers failed to obey orders; they may not have raised their full quota of grain; they may have hidden or destroyed part of what they raised; and they may have been otherwise obstructive. But they signify something deeper than this. They are symbolic of the great and terrible fact that Russia is hungry, and her peasants will not, or cannot, feed her. This in turn means that in spite of all talk to the contrary, Russia is poor agriculturally, and is overpopulated. Moreover, although some of the leaders are men of extraordinary ability and energy, the vast mass of the Russians, especially the peasants, are comparatively dull and inert. Both the agricultural poverty and the human inefficiency are fundamentally associated with the vast size of Russia and its consequent continental climate. Perhaps the climate, rather than the peasants, is really Russia's worst enemy.

The most impressive feature of Russia is its endless monotony. Practically all the Russians live in vast plains where the scenery is almost uniform for hundreds of miles. All of Russia, except the desert fringe in Asia and the coast of the Black Sea, is farther north than Montreal. Since this enormous area is little influenced by the sea, it has an extremely continental climate. The summers are pleasantly warm, or even hot, and fairly rainy, but the winters are long, cold, and dry. Hence practically the same uniform kind of agriculture prevails over millions of square miles, and 120,000,000 peasants live in almost identically the same way. Some, to be sure, live in plastered adobe houses and raise wheat, while others live in log houses and raise rye. But all alike live in little compact villages, and go to work in fields, five-sixths of which are given up to grain. They never see anything except the same level plain, a few villages which are just like their own, and a market town where they jostle other peasants of precisely their own type.

The character of these peasants is probably the most basic fact in Russia, for even the towns people are, for the most part, only a step removed from peasanthood. Taken as a whole, the peasants are likeable, good tempered, friendly people, but they are inert, submissive and unenterprising. These latter qualities had a great deal to do with making Russia an appropriate place in which to start the communist experiment. Since so many peasants are of this type the problem of the leaders was at first reduced to little more than the handling of the proletariat of the towns in whose favor the whole revolution was planned. Even now it is doubtful whether the spark of resistance in Kuban will kindle any open conflagration, for the peasants have not yet changed their character.

This raises the question of why the peasants have this widespread quality of inertia, submissiveness, and conservatism. Is it an inheritance from the old regime, or was the old regime as well as the new, a natural response to the character of the peasants? The best answer is to examine the factors which control the activities of the peasants. One of these basic factors is the continental climate which determines what kind of crops shall be raised. Take the Moscow region, as an example. The ground freezes in October, and by the end of that month farm work is practically at a standstill. Some wood may have to be cut, but not much. Not only is wood scarce in the good farming districts where most of the Russians live, but in winter the windows are closely sealed, and everyone crowds into a single room. The farm animals help to provide warmth against the winter, for they are often separated from the living room by only a low partition. The care of the animals takes little of the men's time. In most Russian stables the manure is allowed to accumulate all winter, and the number of animals is small. The average farm family in European Russia has never had more than one or two horses, three cattle, a pig, and perhaps ten hens. Contrast this with the average Indiana farm with its three horses or mules, nine cows and calves, twenty pigs, and eighty hens. And anyway how can the Russian men have much to do in winter when the women do most of the work?

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In December there are only seven hours of daylight, the houses are poorly lighted, and zero temperatures encourage people to stay at home. Handicrafts are scarce, and in the past the peasants have rarely known how to read. What wonder then that in winter the Russian villagers often spend sixteen hours in bed, and do little except huddle over the fire, eat, drink, and talk the rest of the time. Not till April does the frost leave the ground around Moscow. Then for several weeks the roads and fields are so muddy that hauling and plowing are impossible. Thus for half the year the ordinary Russian peasant lives in enforced idleness. Under the

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old, schoolless regime the boys as well as the men were subjected to this enforced idleness.

No matter how strong a man may be, such inactivity makes his body soft and inefficient, and dulls his mental activity. The spring work demands that he be at his best, but his relaxed body cannot work rapidly, and each night the plowing and sowing leave him too tired for anything except a hearty meal and some sleep. Naturally such men are capable of cultivating only small plots of land. Worse still, they have little initiative, little interest in outside affairs and little of the sort of energy and knowledge which would dispose them to question or resist a new regime. They are the kind who put things off till tomorrow, and can be easily managed. They are just the sort upon whom a new form of government can easily be imposed.

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But why has not a similar climate produced similar results in Canada? It has, to a certain degree, among the French Canadians, but there are two great differences between Canada and Russia, even if we eliminate race. One is that the cultural level of the Canadians is so high that they do not suffer from idleness in any such degree as the Russians. They have far more animals to care for, and the men take care of them. The men have to break out the roads and go to the distant village on errands, and the habit of reading is widespread. In the second place, the Canadian climate is far better than that of Russia because it is much more stormy. This sounds absurd to many people, but variability of weather from day to day is one of the important factors in promoting health and activity. It so happens that the coldest agricultural region of North America is one of the parts of the earth's surface where cyclonic storms are most frequent, so that the best kind of climatic variability is highly developed. The U. S. S. R., on the contrary, by reason of the size of Asia, is rarely penetrated by cyclonic storms in winter, and the weather is extremely monotonous, or else is broken only by rare storms so violent that they do more harm than good. The exact extent to which these conditions differentiate the Soviet Republic from Canada is not yet clear, but there is certainly a distinct difference climatically, as well as culturally. But the Russian climate would not be so bad if the mode of life were different. This is evident in the Russian women, for they appear to be more energetic than the men. Many people have made observations like those of an American engineer who managed one of Russia's greatest new projects. He says that the highly-trained Russian women who operated his moveable derricks and the unskilled women who shovelled earth were alike in being better workers than the men on the same jobs. This is in harmony with what has just been said, for winter brings no more idleness to Russian women than to those of other lands.

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The Russian climate has an adverse effect physiologically as well as psychologically. Abundant statistical evidence shows that in the world as a whole the conditions of health and activity vary in almost perfect harmony with climate. People fail to realize this because they often confuse climate with latitude. The climate around the North Sea is the most healthful in Europe and perhaps in the whole world. From the North Sea outward its favorable qualities—and likewise the conditions of health, activity and progress—deteriorate with almost equal rapidity no matter whether one goes northward, eastward, or southward. Hamburg and Moscow lie in the same latitude about a thousand miles apart. Nevertheless, the climate of Hamburg differs from that of Moscow about as much as it does from that of Sardinia, a thousand miles to the south, or Hammerfest, a thousand miles north.

Moscow has a good climate in summer, but suffers in comparison with Hamburg mainly because its winters are too dry and cold, its storms less frequent but too severe, and its periods with temperatures just above freezing far too short. In spite of popular opinion to the contrary, abundant atmospheric humidity is conducive to health except at high temperatures. Mild winters are also helpful. The abnormally high temperature in the winters of both 1931-2 and 1932-3 in the United States eliminated the usual sharp peak which normally appears in the mortality curve. Students' marks, civil service examinations, and applications for patents all show that people's minds are most alert when the outside temperature averages about 40° F., with frosts at night. Even though we shelter ourselves in well-warmed houses, lower temperatures tend toward mental sluggishness. As for storms, a constant succession of mild ones provides the best conditions for health and activity. By far the worst health and lowest efficiency prevail among us in very cold, dry weather, especially when there is no snow on the ground. Russia has months of such weather.

On the basis of climate alone the geographer would expect people's health and alertness to diminish from the North Sea eastward. This is just what happens. In the past Russia has taken its place in the scale of human progress just where the geographer would expect from the geographic environment. Now a new culture has suddenly been imposed upon the country. Will this raise Russia above the countries in better geographic environments farther west?

In order to answer this we need a clearer conception of Russia's Five-Year Plan. This plan is often misunderstood because of failure to appreciate the small dimensions to which Russian industry was reduced during the revolution, and the rapidity with which it was growing before the war.

The Rusisan leaders display their skill and boldness, not so much in the Plan itself, as in the method of presenting it. They might have proclaimed that in five years they intended to liquidate the effects of the revolution, but nobody would have been thrilled by that. So they based their comparisons on the low dip in 1920

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and the subsequent recovery, thus persuading both themselves and the world that their feat is highly remarkable. Their skill in doing this is to be admired. Nevertheless, nothing has yet occurred to suggest that Russia's industrial position is higher than would be expected on the basis of the country's geographic environment and past history up to the World War.

A similar situation prevails in respect to agriculture. Since over 80 per cent of the Russians depend on agriculture, the general level of prosperity is obviously determined by the farmers. The following figures show the average number of pounds of grain of all kinds raised in recent normal years for each male farm worker in Russia and the United States.

U. S. S. R.....	4,570	pounds
Mississippi	4,900	"
United States.....	28,000	"
Iowa	97,000	"

On the farms of Russia the work of one man, and of the women and children who work with him, produces a weight of grain equal to that of 76 bushels of wheat against 82 in Mississippi, where nearly 60 per cent of the farmers are Negroes. In the United States as a whole the return from similar work is about six times as great, and in Iowa twenty-one times as great.

We might figure out the relative prosperity of the Russian farmers in several other ways, but the results would be the same. For instance, the average number of acres of harvested land per man on the farms, and the average yield of grain per acre in bushels, is as follows:

	Acres per man	Bushels per acre
Russia	8	12
Mississippi	18	15
United States	39	20
Iowa	70	35

It hardly seems fair that the yield per acre should increase in harmony with the increase in the area under cultivation, but such is undoubtedly the case. The Russians are also at a disadvantage because they devote so large a part of their cultivated land to cereals and so little to more profitable crops such as cotton, vegetables, fruits, and tobacco. In general such crops produce at least twice as great a profit per acre as do the cereals. Reckoning on this basis, we come to the final conclusion that if the prices of all products were everywhere the same, the average production per man on the farms would show approximately the following ratios:

Russia	1
Mississippi	5
United States	11
Iowa	22

Can this condition be greatly improved? The usual answer is based on a common misconception of geography. The hope of relief through improvements in agricultural methods, or the cultivation of unused land, is far less than is generally supposed. In no other country is there such a huge area of rich black soil as in Russia. Yet this superb soil does not yield large crops per acre, because it suffers from extremely low temperature and drought. Even in the United States and Canada such conditions give a yield scarcely greater than in Russia. Fertilization does not help nearly so much as might be supposed, for fertilizers produce great benefit only when kept moist most of the time. Denmark and Belgium get huge yields per acre not merely because they use plenty of fertilizer and plow deeply, but because frequent mild rains slowly dissolve the fertilizing materials and feed the plants steadily, not only in summer, but even during the mild, unfrozen winters. In Russia, on the other hand, the fertilizing process is checked, not only by many months of frost, but by long dry spells in both spring and fall. But let us suppose that Russia can so far excel the people in similar climates elsewhere that in the short space of one generation she ultimately doubles her yields per acre, a thing which no country has ever done. Even then, the average peasant will produce less than half as much as the average farmer in Mississippi.

But cannot more land be cultivated? Here again we are confronted by an extraordinary failure to understand the limits set by geography. Russia has millions of square miles of unused land, but most of it is scarcely worth cultivating. For ages the Russians have been land-hungry. That is why they have spread into Siberia. The Siberian settlers have much larger farms than those who stayed at home, and are correspondingly more prosperous. Unfortunately, however, they have already occupied practically all of the narrow strip which is really good. On one side limits are set by summer frosts, on the other by droughts. In vast sections the drainage is so poor that the land is swampy and cannot be drained except at unreasonable expense. The Russians have been able to establish their new state farms on unused land only because the land was not worth cultivating by the old methods. But already they find that in dry years the yield drops off pitifully. Only the optimist dares hope that the cultivable area in Russia can be increased 50 per cent. But even if this were done at once, and the yield per acre doubled, Russia would still be terribly over-populated, and the rural standard of living would still be far below that of Mississippi.

"Well, then," we are told, "take the people off the land, and let them work in the factories." But even in these days of rapid expansion, the growing industries do not absorb the normal growth of population. The death rate in Russia is high, over twenty per thousand inhabitants even in the best years. But the birth rate is still higher, over forty per thousand inhabitants. Each year the births exceed the deaths by two or three million. From 1927 to 1931 the total number of non-agricultural wage earners, including transportation and other pursuits as well as manufacturing and mining, is reported as increasing from 8,900,000 to 15,600,000. This increase scarcely takes care of the growth in population, and yet it includes 2,400,000 persons engaged in new construction. When construction slackens, as it must soon, the Russians simply cannot find places in industry for all their growth of population and the farm population will almost inevitably increase still further, unless new circumstances intervene. So it is hard to see how Russia can either reduce her farm population, or increase its productivity to a level much above that of the colored people of our South. Under such conditions it is very doubtful whether a high degree of industrialization is possible, unless the Soviet system is vastly superior to the capitalistic system.

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It is difficult to avoid extremes of either pessimism or optimism in respect to Russia. A cold analysis of the geographic, racial, and economic conditions is not reassuring. Geographical conditions such as isolation, as well as climate, which helped the initial stages of the Russian experiment may prove a hindrance in the future. Passivity, dreaminess, lack of initiative, docility, carelessness of detail, and the tendency to put off until tomorrow appear to be Russian characteristics closely connected with the long, cold, monotonous, workless winters. Such characteristics enabled a small, energetic group of leaders to carry out an amazing revolution, but they threaten further progress. They imply a distressing scarcity of persons with the alert, accurate qualities which make the Scotch, not only take excellent care of machinery and invent new ways of improving it, but plan their work far ahead. Russia is also handicapped racially because so many millions of the old leaders have been killed, or exiled. Many able leaders still remain, but there is a great lack of forceful men of the sort who are able to run factories, manage school systems, and keep the railroads and mines in good order. In destroying her bourgeoisie, Russia has inflicted upon herself an almost untold racial, as well as social, loss. In addition to this, Russia's economic situation is very precarious because the supplies of coal, iron and other metals are not only small in proportion to the vast size of the country, but badly distributed. Thus from many points of view, the road which the Soviet regime must follow in order to achieve ultimate success is most difficult.

Such conditions are greatly to be regretted. In spite of many and grievous errors, the fundamental idea of the Russian revolution is sound. This idea is that a planned economy must be established in such fashion that everyone who is able to work has work at all times, and the benefits of each improvement redound to the advantage of all. If she could succeed in thus building up a new social order, in which the evils of private wealth and commercial competition were eliminated, the benefit to the world would be immeasurable. Therefore, it is sad to think that the dice seem to be loaded so heavily against her. Yet perhaps Russia has carried her experiment far enough to teach the rest of the world a lesson. The usual history of new ideas, inventions, institutions, and discoveries, is that no matter where they arise, they bring the greatest benefit to a few leading countries where civilization is highest. Both now and in the past, civilization has systematically stood highest in regions where the climate comes closest to being ideal for the stage of development which the world happens to have reached at any particular time. Perhaps this means that Germany, England, or the United States may sift the wheat from the chaff in the Russian experiment, and thus build up a new social order more just and happy than any which has gone before.

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The Coming Tax Rebellion

By Edward M. Barrows

Some 3,000 taxpayers' associations have come into existence recently under the pressure of the mounting American tax bill. The plan of their battle campaign, which includes reformation of antiquated features of our state and county governments, is described by Edward M. Barrows.

THROUGHOUT THIS COUNTRY portents of a better time are coming into view. We do not recognize them as portents because they consist mainly of the work of our neighbors, and it is hard to believe that a neighbor can be a very imposing thing. But America is like that. We express our emotional discontent in great billowings of national uplift and uproar, in congressional debates accompanied by wind and rising temperatures, in hunger marches, in radio diatribes against high taxes. But when such patriotic pageantry no longer can hide our plain obligations, reluctantly we turn to our neighbors and work by communities to do for ourselves, from the ground up, what the nation never can do from the top down.

The portents in question are the multitudes of local taxpayers' organizations which have arisen to deal with the problems of mounting taxes, but which already are beginning to look behind the tax schedules and into those political anomalies of this machine age which underlie the swollen budgets. They are portentous for three reasons. First, they are led largely by sober-minded citizens who never before have given serious thought to public affairs and are militant now in self-defense of their own interests from governmental intrusion. Again, being non-political, they show a disposition to go direct to the root of their troubles, attacking, not only the tax budgets, but the archaic institutions these often represent. Finally, though local in origin and spontaneously conceived, they are spread over the forty-eight states to such an extent as to give national force to their common aims.

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There is Iowa, with ninety-nine county taxpayers' associations centralized into a state league which is helping to force upon the legislature a complete revision of the state's system of county government. Then there is the taxpayers' organization of Los Angeles now engaged in a searching campaign of public education on the water supply problem, as a basis for a citizens' referendum on a huge bond issue. The hard-headed New England Council, an organization of, and by, business men for business purposes, is listing one hundred steps by which New England communities are fighting higher taxes, and circularizing the list to the citizens of six states. There is the Colorado State Taxpayers' League endorsing a special "Taxpayer's Ticket" of thirty-one candidates chosen about equally from the two major parties in the last election, and electing nineteen of them. The Farmers' and Taxpayers' League of South Carolina carrying their fight for efficient administration into the pre-legislative caucus of the Democratic party and nearly gaining control of the lower house of the legislature thereby. These are typical of the efforts by which the people, through tax-reform agitation, are reclaiming their rights of self-government from a bewildered, outmoded political administration.

This new-old form of community leadership springs up at a time when it is evident that our traditional systems of local self-government, long left to run by themselves, are tottering through their own futility, and are threatening fundamental American institutions in their fall. "I have just returned," said a well known civic administrator in a recent letter to the writer, "from a conference . . . of Public Welfare officials of the Southern states; also, from conferences in Indiana and Iowa regarding the unemployment situation in these states. Local government is running out of funds and is even about to collapse in several places. The illness moves with greater speed than the doctors . . . I think that something very far-reaching will happen in the course of the next six months."

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Into the face of these things legislatures and local governments stare paralyzed. Their problem is to change everything without altering anything. But this miracle cannot be lightly performed, and alibis are the pet resources of the political mind. Blame someone else for the trouble. Since our political guides offer no more popular thought, and this one is always palatable to the human taste, it is now added to the others that sap our national morale. If you cannot pay your mortgage, blame the mortgagor. If farm products are overproduced, blame the city folk. If you are a Westerner, blame your troubles on the East. The whole country is upset with this sort of backbiting, which of course only scatters bitterness and increases the confusion.

It has remained for certain bewildered legislatures to make the most curious application of this doctrine of "reform by alibi" in their strivings with the tax problem. If taxes are too high, they say in effect, blame the taxes themselves. On this theory Indiana, West Virginia, Washington and Michigan legislatures, in what the Bulletin of the National Tax Association properly calls a "desperate attitude of mind," have passed laws limiting the amount of property taxes that may be assessed in those states, as though the tax schedules

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themselves were responsible for the high cost of government they were created to maintain! Other states are dallying with this adaptation of the starvation cure to civic disease regardless of its nature, despite the warnings of economists, tax experts, and students of civil government.

So the panic spirit spreads and interacts between the emotional legislators and the emotionally-led voters who elected them. It is reflected in farmers' strikes, tax strikes and similar petulant blows against "the system," which blows rebound upon the heads of the populace which dealt them, since they are parts of the system they are attacking. It is reflected also in such resolutions as that offered in the North Dakota legislature in January, calling on the western states to join North Dakota in a secession movement, leaving only the North Atlantic states, the accused culprits of the depression, in the Union.

Aloof from this devil's brew of voter's panic, stirred by demogogic hysteria, stand the determined, purposeful local associations of sober citizens interested in reform through taxation, and not in vituperation. They do not deal in mobs, rarely, indeed, in public meetings, though they are usually organized under the pressure of public excitement over spectacular tax situations. Their programs lose their sensational aspects and become campaigns of unemotional hard work. Naturally they early slough off the more ebullient spirits, who always lose interest whenever a civic movement passes the hurrah stage, and they become the residuum of a community's steadfast, thoughtful energy. Where there is no such residuum, the tax associations quickly flame themselves away.

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These dogged little local groups are the centers of genuine national reconstruction, and are beginning to assert themselves as such. By way of illustration alone, let us examine the work of a typical citizen's tax reform body in a typical American political district. Orange County, in south-eastern New York, is chosen for such an inside view, since, allowing for certain natural variations, what this county is doing, communities in every part of the nation are doing.

As in thousands of other American civic units, history and neither graft nor official incompetence accounts for the bulk of Orange County's tax difficulties. It suffers from the state's antique system of county organization, which might have been effective in the heyday of the old frigate Constitution, but which offers about the same comfort to the civic needs of the modern era that that excellent old relic could offer a modern battle fleet. The tax budget supports about the same inchoate, hit-or-miss assemblage of overlapping official positions, accounting systems that fail to account, offices which pay salaries but have no other discernible function that characterizes our republic from Eastport to Coronado Beach, and from the Federal government to the smallest hamlet.

Into this prosperous, easy-going region the financial troubles of the past four years descended like a plague of locusts. But while incomes of all kinds were sliding down hill, taxes continued in the opposite direction. Why this should be, and what was becoming of the taxes he paid was a mystery the average taxpayer had never taken the trouble to find out. He was aware of a complicated government of state, county, towns, villages, cities, school districts, special districts and what not that had come into being somehow. They were "run by politicans" who got officials elected or appointed to take charge of them. These beings were vaguely responsible for the tax rate. There had been mutterings over high taxes for years, but after all when business was good it was better to go after profits than waste time over the tax rate. But in 1932 this logic no longer applied, and taxes came to hold a spotlight position in popular interest.

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In the spring of 1932 a local newspaper, *The Middletown Times-Herald,* published a series of short, sharp analyses of Orange County taxes, how they were raised and what became of them. This series was afterward circulated in pamphlet form under the caption of "The Taxpayer's Dollar." The newspaper based its study on a comparison of official reports of ten years past with the stacked vouchers in the county clerk's office. It was the kind of "news" that five years ago would have received scant attention, but in these tax-ridden times the blunt, statistical descriptions of what was happening to the taxpayers' money were eagerly read and discussed by all sorts and conditions of men. The Middletown Chamber of Commerce demanded action, and a Middletown Taxpayers' Association was formed. In town after town citizens organized themselves into similar bodies and later became affiliated with the Middletown group for county action. Thus the League of Orange County Taxpayers came into being.

"The Taxpayer's Dollar" gave the startled taxpayers an amazing picture of scrambled official duties, of wasteful practices sanctioned by law and custom, of official fees, commissions and perquisites legally permissable, but practically questionable, to say the least. It showed an outmoded system of accounting with no centralized control; salaried supervisors responsible for the general conduct of county activities, but without power to control expenses or appointments in some of the most important divisions of county work; county departments operated on the basis of economic conditions a half century gone, with resultant ineffectiveness and staggering cost.

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The sheriff's office, as one example, was spending over $42,000 annually, but most of its present-day work consisted in serving civil processes for which the litigants pay fees that the sheriff by law is permitted to pocket—for which reason the personal value of the sheriff's office has been estimated at $50,000 for the three year term, although the office returned only $883.01 to the county in 1931. Travel allowances were still based on stage coach and wayside inn estimates of 12c a mile, although railroad and bus fares today range from 2½ to 3½c a mile, and the extreme county limits

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are only an hour or so apart. Finally it revealed a vast network of state and Federal activities superimposed upon the county.

All these costs of government were mounting so fast that disbursements in 1931 had increased by over $1,000,000 since 1921.

With the endorsement of newspapers and civic organizations, with the backing of the county's important commercial and professional elements, and with the somewhat amused acquiescence of the chief engineers of the county political machines, the new organization vigorously set to work. The League proposed immediately a general tax reduction of at least 25%, the abolition of various county sinecures and the paring down of educational and welfare expenditures. Then it was proposed to force a reorganization of the county government on a more efficient system. These reforms were to be effected by public pressure through a powerful and harmonious taxpayers' organization and through a campaign of public education on county taxes; also by coöperation with the county supervisors and other authorities.

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The county was districted, with an official in each district to push the membership campaign and represent the organization generally. A committee was formed whose members were assigned to attend every supervisors' meeting, and the meetings of other official county bodies, and report on their actions. These reports were condensed into news letters, together with other items of taxpayer interest, and mailed to the membership list.

On the foundation of public interest thus created the Board of Governors went ahead with the intensive phases of the work—enforcing economies and urging salary reductions. Being practical men the Board members naturally expected a certain amount of opposition. They were not disappointed. They met it, in fact, at every turn, usually backed with reasonable argument and with powerful influence, political and social. Their efforts to eliminate minor wastes and petty pickings were easily successful. These abuses long had been known, the political powers knew they were indefensible, and were content to heed the demand for reform until the reformers tired out, as they always had done in the past. Also there was a powerful body of officeholders who welcomed the support of the voters in putting through reforms that had been prevented by political favoritism.

Salary reduction was more difficult. The main trouble was that many of the salaries which the county was taxed to maintain were fixed by state laws. However, many officials saw the wisdom of voluntarily taking cuts until more prosperous days. With the help of the more public spirited supervisors and other officials, more administrative economies were effected. The political leaders still were supercilious and tolerant. "You fellows will get sick of this pretty soon," a political leader told a friend on the League's Board of Governors. "You can't run your own business and try to run the county at the same time." The minor officeholders, however, went into a flurry. An organization of county employees was formed but it was not effective, as it was not favored by the leaders who preferred watchful waiting. There were blusterings and threatened boycotts, and petty annoyances of well known Leaguers. This sort of pestering was checked by making the League's membership list secret, as well as the total enrollment—the latter for the purpose of keeping the party organizations in the dark as to the actual size of the opposition that could register its vote.

New difficulties arose when the League undertook to secure curtailment of official welfare activities. It ran into a confusing three-cornered fight against powerful state agencies, local welfare societies and prominent citizens with pet philanthropies to protect. Again, the League found itself powerless in the face of state mandatory laws and the immediate effect of its efforts was the antagonism of some erstwhile friends. Once more the politicans smiled.

It was when the League delved deeper and unearthed really important leakages in the treasury that it began to discover its helplessness in the face of state laws, county traditions, political favoritism and implacable party organization, all arrayed against tax reform. Certain near-scandals in county contracts were uncovered. It was apparent that under existing conditions they would probably repeat themselves immediately even if the League did concentrate its energies in proving them. Then there was the matter of the county's dual court house system, carried over from the days when a trip over the Ramapo hills by coach or horse was a real undertaking. Today the two countyseats are half an hour apart by automobile. There in duplicate were the sheriff's office with its archaic procedures and queer finances established by ancient state laws. There were the supervisors, thirty-seven of them where five were sufficient, all inviolable from taxpayers' interference because of state laws.

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"The trouble with our county," said one of the League leaders to the writer, "is that it is organized for a bygone era, while we are living in a machine age. So we tax ourselves to support a government that not only is useless but stands in our way. We have courts and county buildings that were a great help to the old time circuit riders, but are a nuisance in these days of telephone, telegraph and automobiles. The sheriff used to be our most important peace officer. Today this part of his work is done by a state police system based on motorcycles, radios, armored cars and airplanes, and he is only an expensive process server."

Out of this welter of cross-purposes, three things became clear if the League were to be more than a register of protests. The fight for lower taxes must go out of the county and into the legislature. The League must choose between devoting its energies to cleaning superficial and obvious wastes, or devoting its time to changing the existing system of government under which those wastes could forever be possible no matter how often they were cleaned up. Either choice meant trouble in its ranks for there were influential men who believed that the function of a tax reform body was to reform taxes and fight graft wherever it appeared while others were equally strong for radical reorganization of the system that made waste inevitable even though some present malefactors were allowed to escape. The League decided to fight the system.

Immediately it found allies in other county organiza-

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tions involved in the same problem. The New York State Economic Council came to its aid and offered a rallying point for all the fifty-three county taxpayers' organizations in the state that wanted to abolish the old order and institute modern government. Then it settled down to grim work. Most of its projected reforms were blocked by state mandatory laws. The League introduced bills to qualify such laws as especially effected Orange County and followed the Economic Council's leadership in the fight for statewide county reorganization. They bumped solidly against the intangible opposition of the major political parties that worked together to keep the county patronage system untouched throughout the state. It moved to restrict the board of supervisors to a reasonable size and encountered a clause in the state constitution which determines the numbers and duties of supervisors. Promptly the League leaders began to agitate for constitutional revision, though they knew this was an intricate matter of laws, statewide conventions and popular referendums requiring years. According to the accepted tradition of reform, the League leaders should have been disheartened by this time. Instead their determination increased, and they settled down to a long fight. This attitude has called forth no political smiles.

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After a year's hard work, the county's situation is this. The 1933 budget will be approximately $860,000.00, as against the 1932 budget of $1,600,000.00. Part of this reduction comes from administrative economies and part from reserve funds which the supervisors have released. Such a reduction could only be obtained through the coöperation of the supervisors, but there is little doubt in the county of the League's influence in bringing about this coöperation. Laws are pending in Albany which will permit some minor changes in the county structure. In the general matter of county reorganization the politicians claim the League is decisively beaten. The League answers that it is just getting ready to fight. The effect on the county's civic morale is incalculable.

Over the country from coast to coast the people are organizing in similar bodies to deal with practically the same set of conditions that the League of Orange County Taxpayers faces. A study of all available sources reveals at least 3,000 of them today, not including the myriad ward and neighborhood associations, and civic committees, some of which are doing important work.

Their appearance in significant numbers is a direct outcome of the present day conditions of depression. Already some sort of evolution is discernible. The county taxpayers organization, which may represent an indefinite number of smaller local groups, appears to be the key unit.

Any wholesale examination of the work that these 3,000 citizens' organizations over the country are doing makes the Orange County effort seem almost like a composite picture. We find the same indifference to the warnings against the mounting tax budgets. When tax consciousness becomes acute, almost invariably it is not the social service workers, or the political leaders, or the other professional public servants, but the stay-at-home business and professional men who are taking the leadership and carrying on the campaign. There are, of course, exceptions, principally in favor of the Municipal League and Chamber of Commerce groups that are actuated mainly by business men.

In their economy programs the whole nationwide movement is going through a remarkable evolution, and therein lies the crux of their value to the country. Orange County's first efforts were more conservative than most. Too often the local taxpayers bodies have begun with revivalist methods, with emotional attacks aimed at spectacular, popular results. This has brought upon the country the "tax slashing" economies, blind percentage cuts, which have caused dismay among the educators, tax economists and municipal experts.

The tendency, however, is that followed by the Orange County association towards a deeper and more thoughtful study of the purposes of civil government that express themselves in the tax budget. Increasingly, immediate tax reduction is becoming an incidental matter. In Missouri, in North Carolina, in New Mexico, in Michigan, in California and in New York, attempts to reduce local tax budgets have resulted in determined campaigns to reorganize town and county governments, and methods of state supervision and control. Even when the need for modernization of government leads to an attack on the sacred state constitution itself, these civic crusaders do not hesitate. They are blocked, but not swerved from their purpose, by political obstruction, by considerations of social influence, or even by the horrendous charge of Radicalism, of all words the most loathed in the American business man's vocabulary.

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Finally there is the educational influence of this earnest searching of traditional American ideas of self-government to be considered. Again the testimony from all over the country is unanimous. A new force has entered American public life. It is a force that has been absent in our civic deliberations for over fifty years. The steady thinking, substantial element of this country is rediscovering that its help is as indispensible to government as government is to itself. The men upon whom communities have depended for prosperity, and even for civilized existence, are taking up the work of self-government which has been left so long in the hands of those in many cases least fitted to carry on its traditions. They are restoring to America the value of the community and of community action, which has always been found the most effective force in American history. The American revolution was wrought by just this kind of local effort, typified in the Committees of Correspondence which were able, by the concerted action of community organizations to guide a justifiable spirit of revolt away from sporadic mobs and house burnings into the formation of a new republic. The slaves were freed by it. The rebellion of the '70s against railroad domination operated through it. Every successful political party originated in community, not national action. Now it is being evoked again, to conduct our country in safety through the perilous transitions that confront us. Not by hysteria, or recrimination, or by discarding tested principles of government, but by taking thought to himself and with his neighbors, does the level-minded taxpayer intend to achieve the goal of sound government.

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Economic War Reports

Compiled by Edward H. Collins

American Front

The dramatic collapse of the credit structure of the United States and its equally dramatic revitalization at the hands of President Roosevelt easily furnished the highlight of last month's financial and economic developments.

The Reconstruction Finance Corporation, set up a year ago last February to prevent bank failures and thereby end hoarding and its attendant deflationary evils, was well conceived, and under happier circumstances might have fulfilled its mission. But from the very outset time was an extremely important element so far as success or failure of the R.F.C. was concerned. It could prop up the tottering bank structure, but it could not hold it up permanently without some definite early evidence that the Administration was going to solve its own fiscal problems. Handicapped by an obstructionist Congress, Mr. Hoover, as we all know, was unable to make any real progress on such matters as the war debts and the budget, the solution of which was so important in building up public confidence and supplementing the work of the corporation. To make matters worse, Congress hampered the work of the R.F.C. severely, particularly through the vicious provision for loan publicity which it inserted in the Relief Bill. The ill-advised action of Governor Comstock of Michigan in deciding to close all the banks of the state rather than permit the failure of one large but bad institution was the final straw.

In retrospect, however, this series of seemingly unfortunate events will seem to most persons—with the exception of those whose deposits have been impounded in the closed banks of the country — as providential. There can be no question that the demise of what so long passed under the loose designation of the American banking system was a blessing in disguise. So long as our banks remained open, the tendency would have been to keep alive the archaic and outworn mode of banking under which we have so long struggled, and just so long would all banks continue to be distrusted. With the banks closed the whole problem instantly dissolved. There was, then, only one course to take: that was to open the sound banks and make them the backbone of a strong and modern credit structure. Mr. Roosevelt seized his opportunity boldly, and has already completed the first phase of the program. There is no reason to doubt that he will press the second part of the program, that part providing for permanent reform, to an equally successful conclusion.

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British Front

Some of Great Britain's unofficial spokesmen have explained that the country left gold because most of the rest of the world was not "playing the game," that is, allowing the gold standard to function normally. So great an expert on what constitutes "playing the game," one would suppose, would be irreproachable itself. Yet see what has happened. In 1932 *"The Economist,"* of London, estimates that Britain's adverse balance of payments was reduced to £20 million from £99 million in 1931. Has the exchange been allowed to reflect this improvement in the nation's foreign position? On the contrary; the exchange equalization fund recently has been gorging itself with gold and foreign currencies in order that the export fruits of a cheap currency may not wither. As any free trader should know, the government's refusal to let sterling give reflection to this improvement is impoverishing the very countries to which Britain hopes to sell enough goods to enrich itself. There is small wonder that there is now less evidence of an improvement in English trade than there was at the end of the year. The British exchange policy has made many persons not always lacking in astuteness regard the future of the pound with dubiety, partly on the theory that an exchange held down by official intervention will eventually relieve the authorities of the necessity of intervening.

French Front

In a country like France or Italy where the wheat farmer is an integral part of the national defense the price of wheat is apt to reflect the continuing interest of the government in the welfare of the agrarian interests. There is, for instance, the French wheat grower, who has enlisted official support to an extent that makes the lavish Farm Board in this country seem like a "punter." The French wheat farmer is protected by a price level 2½ times above that with which the American farmer must now put up with. But that is not all. The French Ministry of Agriculture has just been authorized to spend up to 300 million francs in buying contracts for wheat deliverable on September 30. Again that is not all. The farmer is entitled to renounce the purchase contracts entered into with his government if he can obtain a better price in the open market. One hears no more of the French farmer aiming at entering the export market, but he is claiming the domestic market as his very own, and in this exceedingly nationalistic world he is getting his wish. The French farmer, moreover, has it on the American farmer, in that he can confine himself to the domestic market without difficulty. As an example of the extent to which French industry and agriculture are protected, the price index of native products at the end of February was 446 (based on 100 as the average for 1914), compared with 286 for imported products.

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Russian Front

A decided change has recently manifested itself in Soviet monetary policy. Russian banks are reported to be bidding as high as 8 per cent on deposits of dollars, pounds, and other foreign currencies, while many of the restrictions formerly imposed on foreigners in respect to their moneys have been raised. Formerly foreigners sojourning in Russia, according to the Economitcheskaya

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Tisn, were subjected to many disagreeable regulations; today, foreigners may, without restrictions, and without previous authorization, import and export any quantity of exchange they wish. The basis of the change of attitude is the shortage of foreign currency and exchange, due primarily to the breakdown of the export market for wheat. The agricultural machine has, as a matter of fact, slowed down to a mere walk since 1930. Grain collections fell 12 per cent in 1932, and this year wheat exports are running 75 per cent below a year ago. Stalin's "farm problem" at the moment makes that of the United States look puny by comparison; for in Russia 85 per cent of the population is agricultural, as compared with about 25 per cent here. How much of the failure of the farms to produce is due to kulak opposition to the Stalin regime and how much is due to sheer inefficiency is the problem that must be solved; and Stalin has promised in no uncertain terms to find out for himself this spring. The materials would seem to be at hand for a major class war—not entirely economic in character—in the Soviet over the next few months.

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Oriental Sector

"Beware the Greeks bearing gifts," seems to be the general Chinese attitude toward proposals being advanced by certain not entirely disinterested persons in this country to "help the Orient" by raising the price of silver. The Chinese themselves have never regarded such offers seriously, but silver propagandists have undoubtedly taken in quite a few of their countrymen with the idea. Of course, rising silver prices would not help China at all. On the contrary, they would probably injure her trade seriously, first, because China is normally an importer of silver on balance; second because a rise in the value of a country's exchange tends to have a deflationary effect on its prices. As a matter of fact, despite all the hulabaloo about the terriffic fall in the price of silver, the latter has not fallen as much as have most sensitive commodities; the result being that the purchasing power of the metal is quite as high as, if not a little higher than, it was before the depression set in. The people who stand to profit from a rising price of silver are the producers of, and speculators in, the metal, not the Oriental countries.

Austrian-Hungarian Sector

Maintenance of a passable standard of living in both debtor and creditor countries is possible only if credit flows freely and without interruption from the latter to the former. Lacking this constant supply of capital, the debtor countries neither pay their creditors any interest nor buy much of their goods. Consider the cases of Austria and Hungary. Austria's foreign trade turnover fell 40 per cent in 1932, but imports suffered more, falling from 2,210 million schillings to 1,402 million, whereas exports declined from 1,327 million to 784 million schillings. The adverse balance was reduced 265 million schillings. In Hungary the amount of foreign exchange remittances on account of foreign debt service was 21 million pengoe, as against from 250 to 300 million pengoe due. For the purpose of achieving still further trade isolation—or, rather, to cut down on imports still more—Hungary is abandoning clearing agreements, which in the latter half of 1932 accounted for 47 per cent of total imports. The agreements with France, Germany, Switzerland, Italy, Rumania and Belgium are being substituted for outright barter arrangements, as the clearing system, it is found, among other things, tends to admit too much of imports not absolutely essential. Hungary has extended its foreign debt moratorium, self declared, until December 22, 1933, when it will have existed two years.

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German Front

Next to the question of what Great Britain is going to do about its currency, none holds greater interest here perhaps than the question of what Adolf Hitler's economic program is to be. Some months ago, all but those congenitally suspicious persons who see in every fluctuation of the pound sterling evidence of fresh conspiracy against the United States came reluctantly to the conclusion that debating the British program was futile, because the British had no program. These persons have now reached the same conclusion in respect to the Nazi program. The answer is not, as Nazi apologists would have us believe, however, that it is too early for the party to have worked out a plan of action; it is that the party depends for its slender majority—at the moment at least—on the Nationalists and on extremists within its own ranks who have little or nothing in common. Under the circumstances the Hitler policy must of necessity be one of agile opportunism. The new German Standstill Agreement, by which frozen German short-term loans to the outside world are carried for another twelve months has been initialed by the signatories to the original agreement, and it involves nothing approaching a final solution. In fact, the 10 per cent reduction provided for in 1932 has been reduced to 5 per cent this year. Germany's export balance of trade fell to 23,000,000 marks in January, the smallest figure since 1929, thus again bringing into prominence the question of how long the Reich can maintain service on its private external debt. February, it is true, showed a rise to 27,000,000 marks, but this, of course changes the picture only nominally.

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Italian Front

Italy has now reached that phase in its national finance which it can be said that the United States has experimented with and finally been compelled to discard. That is the thawing out of frozen banking and industrial credits by warm and frequent applications of the government's credit. In Italy the Reconstruction Finance Corporation is called the Institute for Industrial Reconstruction, and, as here, its credit requirements are nearly insatiable. The government has sold a bond issue, finding, as Washington did, a ready market in that growing army of investors who want the government behind everything they put their money in. Reliable correspondents state that the 1,000 million lire Industrial Reconstruction issue is the first of a series of offerings of public securities, there being a great deal of defrosting yet to do. Whether Italy will fare any better than this country in the propping up of private credit by use of government credit is a question for which an answer may be supplied soon. The budget deficit promises to reach the 4,000 million lire mark in the current fiscal year, and unemployment has risen about 10 per cent to 1,225,000. Italian exporters are finding the competition increasingly keen from countries, such as Japan in the rayon line, whose currencies are allowed to depreciate.

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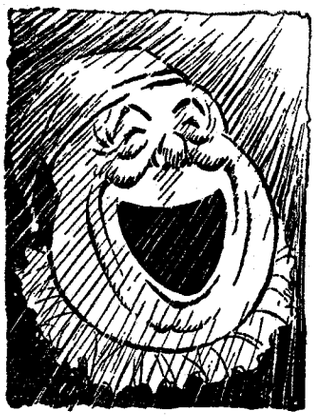

To See or Not to See

By Cy Caldwell

Alien Corn

Play by Sidney Howard. Presented by Katharine Cornell at the Belasco Theatre.

Until I saw Miss Katharine Cornell in Alien Corn I would have refused to believe that I could take any interest whatever in the yearnings of a young woman who wanted to go to Vienna to study piano playing. I maintain that there are already too many piano players—and saxophone players. But there was Miss Cornell as the daughter of a crippled Viennese violinist, cast like a pearl before swine in a midwestern college. She was teaching them music, and didn't like it. No, she must go to Vienna, where the piano playing is better; and I, like an old softy, was tremulously anxious that she should go there. In fact, Miss Cornell would merely have to stare at me with that look of agony in her eyes, and voice the lightest wish, and I would be in practically an orgy of suspense until her wish was fulfilled. Miss Cornell, as an actress, moved me very much; the play itself, good though it undoubtedly is, moved me not at all. And of course, that's my fault, because I simply cannot care a hang about young women who want to play pianos, either here, or in Vienna. Years ago I was in love with a young woman who wanted, not only to play a piano, but to sing along with it, and the business soured me. I had as much trouble with that young woman and her piano as the unfortunate college professor in the play had with Miss Cornell and her piano, though, unlike the professor, I failed to shoot myself. But then, I wasn't as phony as that professor, and I wasn't in a quite unexciting play where a pistol shot evidently was needed to enliven the proceedings. It's odd about that suicide, too. It wasn't a bit more moving than if someone had shot the piano, a thing I should enjoy doing some matinee. Siegfried Rumann and Luther Adler bring to their parts rather more noise and tenseness than I thought necessary, but the radiance of Miss Cornell makes up for everything else. And if I hadn't been hurt by a piano in early youth I might have liked the play better. But I doubt it.

Strike Me Pink

Musical revue by Lew Brown and Ray Henderson. Presented by them at the Majestic Theatre.

With Jimmy (Schnozzle) Durante, Lupe Velez, Hope Williams, and Brown and Henderson tunes, a lovely and nimble dancing chorus, beautiful costumes and lavish settings, Strike Me Pink is a grand show. It is fast, full of pep, melodious, graceful, and, thanks to Jimmy Durante, funny. According to the program "the entire contents of the revue, including all sketches, are protected by copyrights." Sketches like those *need* protection, or something. But Jimmy Durante makes them funny, even when they're not. He charges through the revue, a happy lunatic, spreading mad gaiety and hats with a lavish hand. Without him the show still would be a thing of beauty and music, but it would be soulless; Jimmy gives it a heart. There is something of the essential magic of Chaplin about this strange comic, this shabby, appealing, homely little product of the sidewalks of New York. He arouses not only your mirth, but your affection; he takes you into his confidence, lets you share his blissful state of lunacy, lifts you out of the hum-drum affairs of every day, and carries you with him into that delirious world where he seems to dwell. Hope Williams' cool manner is a delight, Hal Le Roy's dancing feet are amazing, Eddie Garr is a valuable find, and Lupe Velez is a hot tamale from Mexico. One number, Restless, is just the thing for tired business men—there aren't any other kind, are there?

Both Your Houses

Play by Maxwell Anderson. Presented by the Theatre Guild, Inc. at the Royale Theatre.

I believe that Maxwell Anderson has been caught out on first base. He had a good play for the Hoover Era, but March 4 finally did roll around, and now Both Your Houses is as definitely dated as a can of 1932 coffee. Put me down as an incurable old optimist if you will, but with the New Deal on the table I can't dig up any enthusiasm for a play in which the Appropriations Committee is functioning over a thieving deficiency bill and jumping it from forty to two hundred million dollars to buy the Congressional votes needed to pass it over a Presidential veto. Even with many of the old players still taking a hand in the game, we have a new deck and a new dealer. Mr. Anderson and his play now belong to history. Regarded as an historical document, Both Your Houses is interesting and entertaining, but quite unemotional and not at all exciting despite excellent acting, dialogue that has a truthful ring to it, and situations that seem natural to anyone who has pondered on the ways in which the citizens' money has been squandered in the past. The central character, a young Congressman of noble purposes, seems rather too soft and idealistic; that one so naive could influence the course of Congress is rather a tax on the imagination. Government, either good or bad, doesn't work that way: young Lochinvars out of the West are sat upon long before they get as far as Shepperd Strudwick gets with his fellow-Congressmen at the Royale Theatre. Walter C. Kelly as a philosophical old log-rolling politician gives a grand performance in one of the saltiest and most enjoyable parts ever written. "I believe," he says, 'that the vast natural resources of public apathy have never even been touched." But that line was penned before the bank holiday. My admiration for the Theatre Guild's fine cast and their good work under Worthington Miner's direction is unbounded; it is not their fault if the President moves too fast for theatrical producers to keep up with him.

Run, Little Chillun!

Negro folk drama with music, by Hall Johnson. Presented by Robert Rockmore at the Lyric Theatre.

It was the purpose of Choir Leader Hall Johnson to dramatize the background in which Negro spirituals were born, and he succeeds admirably in a curiously uneven play. It depicts the struggle between the devout flock of the Hope Baptist Church and the followers of a touring revivalist half-pagan group, The New Day Pilgrims. The play itself is a clumsy and ramshackle affair with little movement and much tiresome talk, but it serves well enough as the libretto of a Negro opera, and is neither better, nor worse, than white folks' librettos, most of which may be dismissed with a patient sigh. The power and beauty of Run, Little Chillun! lies in the force and vitality of the moon-worshippers' ceremonial orgy, in the revival meeting in the church, and in the religious fervor of the tender and haunting spirituals. The singing is superb and the acting of the principal roles is distinguished by that air of sincerity that colored players invariably achieve. It is an extraordinary entertainment, a quaint and barbarous riot of singing and dancing, of groaning, shrieking, weeping and wailing. Whether or not such scenes occur in the South to-day I do not know; but certainly they must have occurred in the past. Only in such surroundings could Negro spirituals have been born.

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The Cherry Orchard

Revival of the play by Anton Chekhov. Presented by Eva Le Gallienne at the New Amsterdam Theatre.

It seems to me that in The Cherry Orchard, written by Chekhov in 1904, you will find a perfect allegorical expression of the essential and fundamental meaning of our American political administration of the past few years. This may at first glance seem a fantastic viewpoint, and certainly it is not one that should occur to you during the course of the play. But after you have left the theatre, after this wonderful old drama dealing with pathetic illusion, vain hope, frustrated endeavor, and general incompetence has imprinted itself upon your mind, just ask yourself if it doesn't remind you of a larger political family that dwelt beside another Cherry Orchard on the banks of the Potomac. Such earnest seekers after theatrical-political truths as Maxwell Anderson and Elmer Rice are urged to study The Cherry Orchard. It is a profound and moving comment on human nature; and its effect lingers long after the curtain has fallen. Mme. Alla Nazimova, Miss Le Gallienne and a company of intelligent players do full justice to this great play, one of the select few that is worth seeing again.

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Forsaking All Others

Comedy by Edward Roberts and Frank Cavett. Presented by Arch Selwyn at the Times Square Theatre

Tallulah Bankhead, Cora Witherspoon, Fred Keating, and the rest of the cast treated this flimsy and infrequently amusing bit of chit-chat far nicer than it deserved. But why anyone should bother with it at all is one of the minor mysteries of these times. There was Miss Bankhead waiting at the church, only to learn that her prospective bridegroom had married an old flame, suddenly returned from Europe to sweep him off his feet. But he went to Mexico, procured a divorce, and returned to wed Tallulah, who naturally took another man instead. That's a marvelous plot, isn't it? There was a lot of that laboriously manufactured smart talk for which all New Yorkers are famous (at least on the stage) and there were drinks galore. If the unfortunate performers had been drinking anything stronger than ginger ale, every one of them would have been in a stupor before the final curtain mercifully hid them from view. As it was, they doubtless ended waterlogged, as did the play.

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A Saturday Night

Comedy by Owen Davis. Presented by William A. Brady at The Playhouse

Here is a pleasant play about decent people. It is natural, homely, amusing, and thoroughly enjoyable. One of its chief virtues is that its characters actually speak the American language minus wise cracks dragged in by the ears to gain a laugh. The humor of this agreeable piece springs naturally from the situations, all of which are normal and believable. It is mother's birthday, and she and father are going to George White's Scandals to celebrate, while son and daughter stay home. Alas! Sonny goes out to play basket-ball, is brought home with a sprained ankle; daughter skips out with a scamp who means her no good, returns after anguished hours, lamentably lit but safe; the family's friend, who has loved mother for five years declares his love and wants her to chuck it all, go to Paris with him; and father, confessing to a silly affair, says mother is to choose between them. After all, he isn't worthy of her. Of course, she chooses, but I'll leave you to guess her choice, with the hint that this is a comedy where decent people really act like decent people. Miss Peggy Wood brings to the part of the mother a gracious tenderness and understanding; Hugh O'Connell, as the father, and Arthur Margetson, as the family friend, give excellent performances.

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Our Wife

Comedy by Lillian Day and Lyon Merson. Presented by Brotherton and Halle at the Booth Theatre

"It's awfully dull here," remarked Miss June Walker in this play, but she did nothing to enliven it, as she was sadly miscast. Our Wife wasn't supposed to be dull, either, for it was one of those fizzing affairs of brisk remarks about love, marriage and freedom draped on a plot that had to do with Margot and Jerry writing and living together in an atrocious setting that thought it was a Paris apartment. Between them they were supporting Jerry's wife in New York. The wife arrived in Paris, tried to win back the husband, followed the pair to the Bay of Naples, decided that they really loved each other, and finally left them happily together, promising Jerry a divorce. Miss Rose Hobart brings sympathy and understanding to the part of Margot, and Humphrey Bogart does well enough as Jerry, but the authors don't do well enough by any of them.

American Dream

A trilogy by George O'Neil. Presented by the Theatre Guild, Inc. at the Guild Theatre

In three one-act plays American Dream follows the spiritual degeneration of the Pingree family of Puritan New England in 1650, in 1849, and in 1933. Each generation has a Daniel Pingree, imaginative, idealistic, rebellious; the Daniel of 1650 flouts a socially eligible but unattractive woman, runs away with the daughter of an unwed mother; the Daniel of 1849 leaves his wife and mother, who refuse to accompany him, and goes west to make a new fortune; the Daniel of 1933, a neurotic weakling, disgusted with his wife and her decadent social set, raves against everything, tries to join the Communists, is rejected, shoots himself. American Dream is a bitter caricature describing with violent exaggeration the nightmare which many another American dream has become. From this violence and over statement the play suffers, loses its touch with reality, becomes a raving diatribe and thus dismisses itself from consideration as an effective comment on our American dreams, even though so many of them do end in frustration. It is true that our racial dreams call for debunking, but they cannot be debunked by loud outcries and more buncombe. However, the imp of rebellion in my own frustrated soul (all critics have frustrated souls) made me enjoy American Dream, even though I could not accept it seriously. It is admirably directed by Philip Moeller; Douglass Montgomery is outstanding in a cast of general excellence, with especially fine performances by Gale Sondergaard, Stanley Ridges, Samuel Goldenberg and Helen Westley.

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One Sunday Afternoon

Play by James Hagan. Presented by Leo Peters and Leslie J. Spiller at the Little Theatre

One Sunday Afternoon tells the wholesome, charming, unpretentious story of Biff Grimes, small town dentist, who for all of his wedded years has believed that life would have been better if only he had married Virginia, instead of Amy. With an old friend and a bottle he is reminiscing in his office when Hugo Barnstead, his hated rival of many years ago, drops in to have a tooth pulled. As the patient inhales the gas, there is a fadeback to their youthful days of the 1890's, with Biff and Hugo courting two simpering belles of that unsophisticated and romantic era. How the rich Hugo won Virginia, how Biff consoled himself with Amy, and how he learns that he married the right girl after all makes a humorous and homely little play that should win your good natured approval. It isn't very funny, it isn't very stirring, but it *is* very nice and friendly and comfortable, and as such is recommended with a pat on the back. Under Leo Bulgakov's gentle direction Lloyd Nolan and Francesca Bruning bring a kindliness and simplicity to the roles of Biff and Amy that is rare in these times; and Rankin Mansfielde, Percy Helton and Mary Holsman give fine performances. The little play has the mildly soul-warming qualities of Aunt Effie's elderberry wine.

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King Kong

RKO-Radio Picture

King Kong is a giant prehistoric ape who got himself into a peck of trouble because of his weakness for a blonde. While poor old Kong isn't the first ape to make a monkey of himself over a blonde, he's certainly the biggest and most ferocious, for he's about fifty feet tall and in his livelier moments reminded me strongly of Senator Huey Long on a filibuster, though he has less to say for himself. The rumor that Kong was the fellow who designed Radio City Music Hall is not founded on fact. For countless centuries he had lived simply as the kingfish of a Lost World island, facing no greater dangers than occasional battles with brontosauri, tyrannosauri and huge snakes until that fatal moment when beautiful Fay Wray and a movie company invaded his domain. One glance at Miss Wray, captured by a savage tribe of natives and offered to Kong as a sacrifice, and the old chap forgot his hardening arteries and began to imagine himself the Clark Gable of those parts. Seizing Miss Wray in one huge paw, he makes off into the forest, battles with prehistoric monsters, kills a dozen men, and is finally knocked out by a bomb, loaded aboard ship and brought to New York. Exhibited in a theatre, he becomes infuriated at the flashlights of cameramen, bursts his bonds, walks out through a wall, tears up an elevated track, wrecks a train, again captures Miss Wray, and with her in his paw climbs up the side of the Empire State Building from whose tower he is shot down by United States Navy planes, and another blonde is saved for democracy. Conceived by the late Edgar Wallace and Merian C. Cooper, and directed by Mr. Cooper, King Kong is an amazing example of camera magic, packed with thrills, a grand excursion into the weird and fantastic.

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After Philippine Independence, What?

By Guiles Davenport

The Congressional action, over Presidential veto, which granted independence to the Philippine Islands, presupposed that the Philippines were full of Filipinos. Guiles Davenport discusses the error in this thinking and warns of the consequences.

DURING THE LATEST of many periodic recurrences of Independence Fever, a disease to which a small segment of the Philippine population is extremely susceptible, a Moro *datto,* or chief, arose in the Philippine Senate and, in a deep and solemn tone, said: "If the United States grants independence to the Philippines, the Moro will demand independence of the Filipino."

It is possibly a pity that his words were not spotlighted in the American press, but certainly it is no accident that they were not. There are some people in the Philippine Islands, not to say the United States, who would like nothing better than to have it believed that, with the granting of manumission to the Islands, a Utopian era will supplant an administration which has been—according to their varying degrees of dislike of it—"imperialism rampant" or "meddling."

Suffice it that the *datto's* terse and emphatic statement of policy got little or no publicity anywhere—either in the United States or the Islands. One reason for this omission of significant fact is that his words contained a threat which, if known, might give pause to independence programs: and the precise terms of that threat are understood by Filipino and Moro alike. It amounts to a declaration of war, and when a Moro declares war, he means War and exactly that. As a result of fulsome experience with him in the past, the Filipino *politico* is going to avoid trouble unless he has a strong hunch that the cards are stacked in his own favor.

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To date the Filipino has had all the odds on his side. He has also—in a political sense—had the only voice of all the tribes in the Islands. His leaders have plotted, begged and bargained for independence for years, and it is to be doubted that they would regard with pleasure anything which would indicate that any native resident of the Islands was anything but enthusiastic about it.

Particularly are they desirous of conveying the impression that the minority tribes would welcome a Filipino administration; or barring actual welcome, that the Filipino can at least do as good a job as the Americans in maintaining order.

The Moro Senator's words and their implied threat did not represent the first occasion when Moro resentment against the Filipino has been expressed. The mere fact that, for thirty-three years these threats have been limited to word of mouth minimizes their portent not a bit. No one knows this better than the Filipino *politico,* who has made it his job to hide this fact from American citizens. When inklings of it have leaked out, every possible effort has been made to minimize its value as testimony.

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The fact that few Americans seem to suspect that the Philippine Islands are populated with peoples not always abiding in mutual love and forbearance is due to several factors—our isolation, a natural lack of sympathy for insular problems, and a deliberate withholding of facts by politicians—American and Filipino alike.

But sooner or later, the American people are bound to discover that the Philippine Islands are not entirely filled with Filipinos, and that their population includes Moros, Tagalogs, Ilicanos, Igorots and many other tribes —each a nation within itself—and though of Malay stock, as different one from another as the Chinese are different from the Japs. And none of them may be called entirely friendly toward the Filipino.

In justifying their altruism on the question of Philippine independence, the American politicians have made a great to-do about our own struggle to free ourselves of England's strong hand. The connotation of the term "independence" if applied with equal political honesty to the United States of 1775-80 and the Philippine Islands of 1932-40 invites some speculation. The fact that the early Americans were ready for political freedom and able to handle their own ship of state does not by any means imply that the Filipinos are in that enviable state of character and capacity which will afford them all the virtues incidental to control of their own destiny.

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Ignoring the fact that there are many minorities in the Islands, which, full of faults though they are and virtually without voice, have the wit and discernment to prefer an American administration to control by Filipino *politicos,* the latter ask us to believe that the desire to be free of the United States beats high in the breast of every denizen of the isles. Worse, many of our own politicians and business men sustain this argument. This is far from being the truth, and the case of the Moro, most vigorous of many dissentients, is quite in point.

The Moro, though he be, as Kipling says of the Malay, "half devil—half child," is by no means a man to be ignored. The fact that his voice has not been more widely heard should not be taken as evidence that he cannot and will not make himself felt if necessary.

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The Moro (we still treat him as exemplary of opposition within the Island to independence) has occupied his time under American administration to good advantage. While absorbing his A, B, Cs and the mysteries of sanitation and crop rotation, he has also come to have great respect for the honesty, ability, patience and good intentions of his American overlords. He does not, by a long way, grant the Filipino *politicos*—the natural heir of American control, when and if independence is granted—this same admiration. In these unhappy days, when we are so often reminded that every man's hand is against us, this is a compliment which should not be ignored—and more particularly when it is remembered that the Moro is a Mohammedan with all of the latter's inherited hatred of things Christian.

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The Moro is a frank and singularly straight-forward individual, whether with gun or tongue. He promises, whenever he has the opportunity to speak, that if he is to be left to the mercies of *politico* control, he will make life unpleasant for somebody. And this can be very unpleasant indeed, and no one knows it better than the Filipino *politico*.

His first difficulty lies in the fact that, while he can express himself well in a fight, he is lost in that arena where the *politico* shines—politics. The Filipinos have produced many brilliant politicians, a few fighters, but never an enlightened administrator. Three hundred years of inept government by the Spanish, and a wide experience with the devious qualities of Filipino politics has caused the Mohammedan elements of the Islands to become thoroughly sceptical of the honesty and ability of any Malay *politico*. And so long as Allah rules his universe, the Moro and his Mohammedan cousins will resent domination by any but the most enlightened and tolerant—and the Americans have given both in full measure.

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To anyone who knows Moro psychology, this amounts to saying that something will happen *muy pronto*—exactly as the *datto* Senator implied—if the United States throws them into the arms of the Filipino.

There is every reason to believe, also, that a great body of the Filipino population itself, and especially the lowly *tao*, or peasant, who makes up its bulk, dreads independence even more than the Moro. The latter, at least, is not loath to fight a man he believes to be his natural enemy; while the *tao* is a farmer, not a fighter. He was rescued by the Americans from actual slavery, as epitomized by the infamous *cacique* system, and he is too familiar with the cruelty of his own people, the *mestizo-politicos*, to welcome their return to power. The *cacique* system, by which the *tao* was kept for hundreds of years in a state of serfdom, is inextricably a part of the Filipino political psychology. The inhumanity of man to man has never been better demonstrated than in the efforts of the Malay *politicos* to maintain their own lower classes in slavery.

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After a brief but salutary contact with American discipline, the Moro and other Mohammedans in the Islands became good citizens almost overnight. The Moro's respect for military control was enhanced by the advent of civil control. He benefitted no more by American occupation than the *tao*, and all were properly grateful. Only the *mestizo*, with his natural talent for politics and his habit of power, chafed at restriction. He has been chafing ever since, and such is his capacity for fomenting political plots and inspiring misleading propaganda that at every opportunity he has attacked American administration, however honest.

The Filipino *tao* believes and with plenty of reason, that the instant the United States departs from the Islands, he will again be reduced to slavery. The Mohammedans expect, and rightly, that they will again be driven to the battlefield in defence of their rights—rights secured by and guaranteed under American administration. Voluntarily, they completely disarmed themselves under guarantees which, to date, have been scrupulously and rigorously maintained. What are they to think now that that promise is withdrawn—which leaving the Philippines amounts to—after being deprived of their only means of protection? What becomes of vaunted American honor in the face of this betrayal?

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These are questions the Moros are asking themselves; and the *datto* Senator spoke from his heart when he said that his people would demand their independence from the Filipino, though he did not ask what, conceivably, he might have asked with complete justice—that American protection, under the circumstances, must be continued.

Already, now that some form of independence seems about to become a reality, signs of revolt are appearing in the Islands, and these manifestations should not be taken to indicate mere struggle for control. In effect, they will be struggles for physical and political security, for the actual right to live.

According to Colonel Luther Stevens, head of the Constabulary for Mindanao and long on the ground, the Moro, as soon as he recovers from the shock of his betrayal by Congress, will start "something." That "something" would, of course, be directed at the Filipino *politicos*. The Moro is too literal minded, and too long used to resolving political issues with the *bolo* knife, to believe that he can gain anything through political representations, so long denied him. He has always failed in the past to get his place on any of the numerous Independence Commissions which have so bedeviled the United States during the past three decades; he is laughed at in the Philippine Senate—so what is the use? However, he *knows* what he can do in a fight.

In this discussion, we have purposely avoided mention of the relationship of possible Philippine independence to Japan's imperial dreams. The possibility of Japanese occupation of the Islands cannot be entirely ignored. The various Independence Commissions have attempted to persuade us that Nipponese eyes do not look in their direction. Our own politicians and propagandists have

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sustained this contention. On behalf of the inarticulate, whether Americans or residents of the Islands, let it be stated that there is little reason for such optimism.

It may be said that it is inevitable that "someone" will occupy the Philippine Islands at the first chance following the departure of the United States—if not before. And no better excuse could arise than the equally inevitable one that the Moros, and possibly other minority tribes, will make trouble for the Filipinos.

American citizens and investors, already uneasy at the prospect, and in some cases actually considering a movement into Mohammedan areas to avoid the perils of Filipino control, will be hardly better off than were the Belgian refugees of 1914. It is a picture full of irony—Christians hiding under the Mohammedan wing.

Is Filipinization a success? It has been tried, and examples of its dubious virtues are many and varied; and almost without exception, imply a negative answer.

Under the liberal regime of Francis Burton Harrison, every department of Island Government—fiscal, health, agriculture, all except the courts—fell into the hands of the *cacique politicos,* and near chaos was the result. At the beginning of Mr. Harrison's incumbency, the court dockets were practically clear; when he departed, more than 50,000 cases clogged the dockets. Under Filipino administration, the death rate jumped from 19.10 per thousand in 1913, to 40.79 in 1918. The live-stock casualties kept pace. Under the Filipino, the Philippine University lowered its standards so sharply as to make it a joke. The Government budget, which, under Governor Cameron Forbes, never exceeded $14,000,000, climbed to $50,000,000 a year, and at the end of Mr. Harrison's tenure of office, the bonded indebtedness of the Islands had reached the sum of $48,000,000 despite a tremendous increase in revenue. It is hardly necessary to mention the banking scandal and many other isolated instances of Filipino incapacity.

Less due, perhaps, to Mr. Harrison's personal inclinations than to the increasing avidity of the Filipino *politicos* for more freedom and greater power, the result bade fair to undo all of America's good works and investment since 1900. It took all of General Wood's best efforts for years to right the damage, and the *politicos* fought him every inch of the way. And when General Wood left the Islands, the Filipinos announced that they were more than ever determined to separate themselves from a supervision under which their benefits had increased a thousandfold.

The wild tribes of Luzon—the Igorots, Bontocs, Kalingas, Gadangs, Apayos, Ifuagos and others, numbering about a half-million and classed as semi-civilized, are despised and abused by the *politicos,* while the latter abide in constant fear of them. Fortunately few of these tribes are as able and courageous as the Moros.

As Dean C. Worcester said: "All the non-Christian tribes have two things in common—their unwillingness to accept the Christian faith, and their hatred of the several Filipino tribes who profess it."

The American administration has extended itself to protect the right of the Mohammedan elements of the Islands to continue in their faith: General Pershing, when Governor of Mindanao, even forbidding proselytizing. The Moros consider it equally right that they should be allowed openly to resent a Filipino control which has always abused them when it dared to do so, and which has not failed to extend its cruelty even to its own flesh and blood.

American tolerance and fair-mindedness—in the opinion of Philippine minorities—has enabled everyone to use the benefits of enlightened administration without scruple and with mutual respect. Everyone concerned—to quote Winston Churchill in a recent article—"has benefitted thereby." But these benefits have been rapidly diminished whenever and wherever the Filipino has been permitted to set up his own system.

The Igorots, under the Americans, gladly substituted the game of tug-of-war for head-hunting. Under Filipino control there is reason to believe that they will return to headhunting, or something equally primitive with as much enthusiasm as they abandoned it. The Moros have made the most of their opportunities for improvement, but the faith of their ancestors and their martial temper have not appreciably abated. As for the rest of the semi-civilized—they prefer, and will demonstrate again, that they prefer the game of follow-the-leader.

The conclusion is, that however sweet may be the benefits of civilization to these people to whom it is still a new thing, a great majority of the population of the Philippine Islands is still close to the primitive. They may—under stress—return to it promptly; and that stress has always manifested itself when the *politicos* were in command. For these reasons, if not for others, one may reasonably assume that as much as any other people in the outlands of the world, they need benevolent supervision. They appreciate it—to the glory of the doctrinaires of Western civilization.

To return them to the mercies of a people, hardly more enlightened than themselves, and who possess only the advantages of superior organization and knowledge of practical politics, may result in something which will leave the disciples of Philippine freedom and the idealists in Congress agape.

It may also leave the business men who dislike some features of the Philippine tariff a little the heavier in purse and conscience.

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Vanishing Wages

By Dorothy Dunbar Bromley

A lowered price level means a lowered wage scale. The manner in which sweated labor is returning to American industry as an evil consequent upon the depression is described by Mrs. Bromley, who contributed "What Does France Want?" to a recent issue of NEW OUTLOOK.

A NUMBER of the country's ablest economists were sitting recently in round-table conference. One of them had just thrown out a startling question. "What do you predict, gentlemen," he had asked, "if wages and prices keep on chasing each other down hill? . . . You know what is happening. First wages are cut, then buying falls off, then prices are slashed still further to attract trade, wages are reduced again to pare down the costs of production at the lower price level, buying falls off still more, and so the downward spiral goes on and on. Is there any obvious bottom? Or are we headed for a complete breakdown of our economic system?"

The answers he got were hardly reassuring. "Assuming that the law of economic cause and effect is not interfered with," the oldest and most experienced of the group declared slowly, "it is not inconceivable that we shall eventually reach the point where every person in the country will be out of employment."

"If we pull out of the mess we're in," one of the others remarked sardonically, "it will be a matter of luck. Another war, for instance, would do the trick and send prices up."

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Few of us look into the future as dispassionately as the economists do. Just as most people, up until 1914, believed that a world war was an unthinkable cataclysm, so do most of us today discount all prophesies of a complete economic breakdown. But our prayers and curses will do us no good. These so-called captains of industry who we had thought to be superhuman, are mere mortals. They, too, are caught in the cyclonic downward whirl which threatens to engulf us all.

If we are fatuous optimists it is because we have only a vague idea of how appalling the situation is. We have read a great deal about the return of the garment sweatshop of fifty years ago, with the same abominable working conditions and the same exploitation of women and children for a few cents an hour, or for no pay at all. But these women and children factory workers, according to the 1930 census, numbered only 2,639,597 out of a total of 48,829,920 people who then were gainfully employed in the United States. What of the great remainder of the working population? How many of them are "toiling with little return?" to quote President Roosevelt.

The American Federation of Labor could have found no better way to justify its claim to leadership than by making a thoroughgoing study of wage cuts among unorganized as well as organized workers of both sexes. But it has made no such study; neither did the Department of Labor under Mr. Doak. Our confusion about the actual state of wages, therefore, is only equalled by our confusion about the actual number of unemployed. And our confusion becomes worse confounded when we discover that the scattered data put out by various public agencies presents conflicting evidence. The Department of Labor has from time to time published statistics in the Monthly Labor Review, showing that wage cuts in specified manufacturing industries have amounted to no more than 20% since 1930, or the same as the drop in the cost of living since 1929. Figures from the National Industrial Conference Board on 21 major manufacturing industries are still more reassuring, for they reflect only a 10% cut in the hourly rate since 1930. Yet the very fact that their current wage rates in the hosiery, boot and shoe, and woolen industries are higher than the Department of Labor's, shows how the picture changes, depending upon the group of factories that are selected for inquiry. Then again, the Department's brochure on union wage scales, showing $1 an hour as the rate for hod-carriers in Philadelphia, is hardly consistent with a bottom wage of 7 cents an hour in general contracting, which is quoted in the Pennsylvania Department of Labor's Bulletin.

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There is good reason to believe that all the statistics of a national character which have been published, are too favorable. They do not check with actual conditions.

To get a picture of wages we shall have to think in terms of occupations. According to the 1930 Census, the country's gainful workers were divided as follows:

Agriculture (*including* 4,459,986 *farm laborers*)	10,471,998
Forestry and Fishing	250,469
Manufacturing and the Mechanical Industries	14,110,652
Extraction of Minerals (*including* 621,661 *coal miners*)	984,323
Transportation and Communication (*including* 949,733 *railroad workers*)	3,843,147
Trade (*including* 610,679 *in retail trade*)	6,081,467
Public Services	856,205
Professional Services	3,253,884
Clerical Occupations	4,025,324
Domestic and Personal Service (*including* 2,715,564 *domestic servants*)	4,952,451

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Little need be said of the wages being paid in agriculture, the most bankrupt of all our industries. In 1929 New York farm laborers were paid $49.25 and their keep. Today they are being offered $15 a month and their living, and there are instances of wages being paid as low as $5 a month.

In the most depressed of the manufacturing and mechanical industries, weekly earnings are running very low, as even the Department of Labor's figures show. In iron and steel they average $11.52, or 63% less than in 1929; in cottongoods, $9.36, or 39% less; in men's clothing, $11.27, or 51% less; in shirts and collars, $9.95, or 38% less; and in lumber and sawmills, $11.49, or 45% less. If you consider that the index of the cost of living has dropped only 20% since 1929, you will see how little purchasing power remains to the workers in these industries.

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It is true that these average weekly earnings represent in some instances a shorter work week than in 1929. In the steel industry, for instance, the number of days worked per week have been radically cut down. At the same time we know that the United States Steel Corporation has made two wage cuts, a 10% cut in October 1931, and a 15% in May 1932, which brought the basic rate down to 34 cents an hour. Their first cut served as a signal, not only for other steel companies, but for industry in general, to ignore President Hoover's protests and start slashing wages.

Hourly wage rates tell the most significant story of all. Wages for unskilled male labor, as shown by the following table, have in some instances sunk almost as low as the wages of women sweatshop workers.

	Rate per hour July 1932	
Industry	*High*	*Low*
Automobile	75 *cents*	30 *cents*
Brick, tile and terra cotta	60 "	6 "
Cement	40 "	20 "
Electrical machinery	50 "	26 "
Foundry and machine shop	55 "	15 "
Iron and steel	45 "	15.5 "
Leather	55 "	15 "
Sawmills	62.5 "	5 "
Public utilities	75 "	15 "
General contracting	$1.00	7.5 "

(*From the Pennsylvania Department of Labor Bulletin.*)

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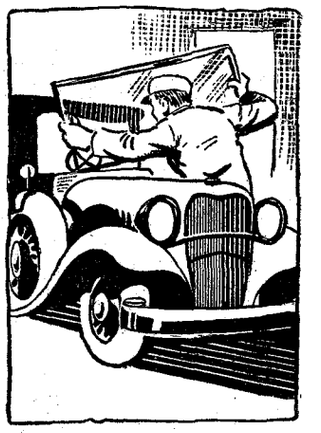
Getting down to specific industries, we find that the published statistics are decidedly roseate. Take the automobile industry. The National Industrial Conference Board would have us believe that automobile workers were earning on an average of $.573 an hour, or $21.76 a week in December, 1932, or only 1 cent an hour less than in 1930. Yet 6,000 workers in the Briggs Body Manufacturing plant in Detroit recently struck against sweatshop conditions and wages that ran as low as $0.10 an hour for men and 4 and 5 cents for women. Nothing was paid the workers for "dead time" spent waiting on the job, or in going from one part of the factory to another; and a piece-work system was in effect under which a group of workers would have to upholster an entire seat properly before any one of them would be paid. The company finally offered the workers $0.25 an hour and no more piece-work and the plant is running again. Wages generally in automobile factories in Detroit average about 35 cents an hour for men and 20 cents for women, or 50% less than in 1929.



Look next at the canning industry. The Department of Labor reports that the average hourly rate for men and women in 1932 was $.344 an hour. It would be interesting to know where Mr. Doak has been getting his figures. For the Consumers' League of New York found last summer that 39 out of 43 factories were paying men workers from $.10 to $.20 an hour, and that 71% of the group were paying women $.12½ an hour or less.

In the textile industry the discrepancy in the figures is just as great. The Department of Labor reports a current hourly rate of $.266; yet the Consumers' League hears that mills in North Carolina and Virginia are paying as little as 10 and 12½ cents an hour, and that men with families earn $6 a week, while boys work a 60-hour week for $3.95. Cotton spinners in Alabama work 12 hours a day for $5—$6 a week; in Tennessee workers earn as little as $2.50 a week. Many more women are employed than formerly, and their wages run as low as $2.39 for a full 50-hour week.

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If wages have not stayed up in the highly organized building trades they have probably stayed up nowhere. The Department of Labor reports a reduction of about 10% in the principal time-work trades, but a check-up of the labor market shows that the union scale is no longer setting the standard. Union painters are supposed to be earning $9.76 a day; yet a representative group of painters in New York earned from $4.67 o $6.68 a day in 1932, and are now being offered $2.50-$3.00 a day. For electricians the rate is $13.20 a day, but employers are offering from $6.35 to $4.77 a day, or just half the union scale.

Cuts have been even deeper in the miscellaneous trades as the following figures of average earnings show:

	Pre-depression Rate	1932 *Rate*
Stationary engineers	$75.00 *a week*	$30.53 *a week*
Cabinet makers	13.20 *a day*	34.34 " "
Automobile mechanics	23.15 *a week*	2.50 *a day*
Tool and die makers	50—60 " "	30.00 *a week*
Polishers and buffers	35—40 " "	16.50 " "
Foot power-press operators	16—18 " "	12.17 " "

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The remaining large groups of workers, exclusive of government, state, and city employees, who ought to be considered in this wage-study, are the railroad workers, coal miners, clerks in retail stores, and domestic servants.

The 949,733 railroad workers, being the best-organized group in the country, have come off well and have so far taken only a 10% wage cut.

The coal-miners, on the other hand, are in a desperate condition, except for the comparatively small group of 142,801 anthracite miners in Pennsylvania. There they have held their own since the United Mine Workers are still strong in that district. The much larger group of 458,732 bituminous miners, both north and south of the Ohio River, have been battling against low wages ever since the Jacksonville agreement breakdown in 1928.

Clerks in retail stores have had their earnings seriously reduced. One of New York's largest stores pays "part-time" workers on duty from noon until 7 p.m., $7—$10 a week. The same store pays 8½ cents for 2 hours' overtime. From the South come reports of stores that are paying a commission on sales in place of wages, and in Chicago one of the fine candy and tea-rooms is paying $5 a week for two weeks' work.

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More important numerically are the clerical workers, who form the third largest group in our employed population. The big concerns in New York have cut salaries from 10 to 33⅓%, but the smaller firms and offices have gone much further. A study of the wages of 141 women working in offices, made by the Consumers' League, shows an average weekly wage of $11.39. The present market price for a first-rate stenographer is now $16 as compared with $35 and $45 in pre-depression days in New York. Many employers are offering $5, $8, and $10 a week to office-workers and stenographers. A lawyer recently put in an order for an expert typist with a knowledge of German, at $8 a week. A man who is noted for his public spirit engaged a college girl who had formerly earned $110 a month to take his dictation and handle his telephone calls for $15 a week.

Servants are even worse off than the clerical workers, for the supply is now so much greater than the demand, that a housewife can have a servant for any price that she is willing to pay. Trained maids who formerly earned $16—$20 a week in New York are lucky now to get $40 a month. Many others are working for $15 or $20 a month, doing all the cooking, cleaning, and laundry work for good-sized families. Some housewives are paying young girls nothing at all, only giving them "a good home."

All the available evidence goes to show that there is not a single large group of workers in the country, with the exception of the railroad men, whose wages have not been slashed, and whose buying power has not been reduced out of all proportion to the fall in the cost of living. Deep wage cuts, furthermore, have had the vicious effect of increasing unemployment. Instead of taking on more help, employers are lengthening hours, sometimes to 72 and 85 hours in the manufacturing industries, and the workers, thankful for a few cents extra pay to eke out their living costs, make no complaint. They know that if they object they will join the army of the 14 million unemployed. If the unemployed were paid a dole, as they are in England, they could refuse to work unconscionable hours for less than a fair return.

It is characteristic of our depression psychology that we should think any sort of a job is better than no job at all—at least for other people. In a small city in Pennsylvania the Chamber of Commerce in their innocence not long ago paid a bonus of $1,000 in cash, gave free rent, light, and heat to a suitcase manufacturer in order to attract him to their community. What actually happended was that the new company employed several hundred workers on day and night shifts, ran for seven weeks, and then left town over night, without having paid one cent in wages, and without leaving even a paper suitcase in the town. In another Pennsylvania city, the Chamber of Commerce paid out $2,500 to bring a shirt factory to the community. The average wage which this factory paid was $3 a week, so little that the employees still had to be helped by the local relief committee. The town would have saved money if they had never seen this manufacturer.

Only seven per cent of the country's wage-earners were organized in 1930, and the number is probably smaller today. Among the unions only a few have any real strength. If the railroad brotherhoods are still strong it is because they were backed by the government during the War. The American Federation of Labor, with a total membership of no more than 2,961,096 in 1930, has failed to protect the great body of workers against wage-cutting. The weakness of their position can best be judged by Mr. Matthew Woll's statement that governmental wage-fixing may become necessary. The Amalgamated Men's Garment Workers, an independent organization, is the only large union that has pursued a militant policy in the past two years. They have gone into the smaller cities where sweatshops are operating, organized factory workers by the hundreds and forced employers to raise wages gradually.

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In the final analysis the employers must accept a good share of the responsibility. But they are responsible collectively, not individually in every case. A manufacturer who continued to pay 1929 wages while his competitors cut wages 40 to 50% and captured the market would be committing economic suicide. In the less competitive fields, however, a good many employers have simply followed the trend, acting on the theory that it is sound business to keep costs down as low as possible. A Texas manufacturer of cotton blankets who has been kept busy filling orders for the chain stores at a good profit, cut wages three times in 1932 because "his friends in other plants were doing it." Business houses in New York that are running at a profit have done the same thing. And large retailers—among them a well-known philanthropist—are buying right and left from sweat-shops in order to undersell their competitors.

The merchants who set the precedent of buying from sweat-shops and underselling their competitors, are to be criticised, if we admit that morals have any place in business. (Stuart Chase has said very aptly that "an acquisitive economy leaves no room for the human equation.") But the average employer who has been cutting wages, either directly or indirectly, has been actuated as much by fear as by greed, I suspect. His

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balance sheet may show a profit for the past year, but if he sees his competitor cutting wages and prices, he gets the depression jitters. His fears may be justified, or it may be "nameless, unreasoning, unjustified terror," to quote President Roosevelt again; but it is very real, and only a change in conditions will exorcise it.

The truth is that most American business men, having been nurtured on the doctrine of rugged individualism, forget that they are members of a corporate society as soon as their security is threatened, just as thousands of bank depositors recently did. If only a few depositors had drawn out money and hoarded it, the banks could have stood the strain. By the same token, if only a few employers had cut wages, the consuming power of the masses and the level of prices would not have been so seriously affected.

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A few outstanding industrialists have seen the danger ahead. It is generally known that Mr. James A. Farrell resigned from the chairmanship of the United States Steel Corporation because he opposed the wage cut which was subsequently made. More recently Mr. Philip K. Wrigley of the Wrigley Chewing Gum Company has announced that his company will raise wages as an aid to recovery. "The workers," Mr. Wrigley said, "are the great consumers of products, and they must have more than enough to cover the bare necessities of life if improvement is to be felt in a host of lines."

Mr. Wrigley is quite right. Prices cannot go up until wages have gone up, for the workers are the buyers. In normal times, three-fifths of the country's manufactured goods and agricultural products are purchased by families, and individuals with incomes under $2,000, and one-fifth by those having less than $1,000 a year.

Should more employers come round to Mr. Wrigley's enlightened way of thinking, the public might coöperate by buying their products to the exclusion of others. Women, for instance, could stop buying the $2.39 and the $5.00 dresses, and insist upon some sort of a label showing that the clothes they buy have been made under proper conditions. If the general buying public took this attitude the garment sweat shops could be driven out of business. But this would be no general solution, for we should have no way of telling under what conditions the cotton in our dresses was woven, or the parts of our automobile were manufactured.

Since both the workers and the employers are helpless in the grip of an economic force that is stronger than they are, there would seem to be only one solution left. Interference by the government to regulate wages as well as hours.

"In 1912 Massachusetts passed a law enabling a commission to fix minimum wage standards and directing it to publish the names of employers who fall below the standard. Up until the depression this law was an effective check on established concerns that are sensitive to public opinion. The Corporation of Harvard University, it will be remembered, was obliged to raise the wages of its washerwomen as the result of unwelcome publicity. But the law has not prevented the many sweatshops which have sprung up in Massachusetts in the last few years from paying what wages they choose. To meet their competition many reputable manufacturers have had to go off the minimum wage standard.

Mandatory laws passed by a number of other states have been adversely affected by the decision of the United States Supreme Court in 1923, holding the District of Columbia Minimum Wage law for women "an unconstitutional interference with the freedom of contract included within the guarantees of 'due process' found in the 14th Amendment."

Despite this decision, minimum wage laws for women and minors have remained on the statute books of California, North Dakota, and Wisconsin. The latter state has a law which orders that no women shall be paid "an oppressive wage," and another which sets a minimum wage for minors. The effectiveness of the wage laws in all three of these states has depended upon the funds available for enforcement, also upon a more complete divorce from political control. But it is true that comparatively little evidence as to sweated labor has come out of these states.

In view of "the evils of reckless wage reduction," which is going on today in New York state, Governor Lehman has recently sent a message to the Legislature urging a mandatory minimum wage law for women and children, and at this writing, its passage seems assured. Governor Lehman suggests that the United States Supreme Court, in view of present conditions, might countenance a law that was based, not on a living wage, but on a fair return for services. Such a law, passed by all the states and properly enforced, would be of undoubted economic benefit. It would stop the replacing of men by women in the marginal industries, and it would prevent wages and prices from falling further. It would be, however, only a partial solution, since wages of men as well as women are largely below the level of subsistence today. Of the 48 million gainful workers in the country, only 14 million are women. Before we work our way out of the morass we are in, it may be necessary for the government to follow the precedent which it set during the War in regard to the railroads, and dictate to all employers minimum wages and maximum hours.

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Great Britain has dared to do just this thing. There the Trade Boards, created by an Act of Parliament in 1909, are empowered to fix minimum wages in industries that are not well organized. The law is enforced by a large staff of inspectors sent out by the Ministry of Labor: offending employers are forced to pay fines and to repay to employees the balance due on their back wages. (England has no 14th Amendment to worry about.) An inquiry in 1922 vindicated the policy of the Trade Boards, on which the employers, the workers, and the public are represented. Today they control the wages of some 1,500,000 workers, and they have routed out conscienceless employers of labor and done away with unfair competition.

The application of such a system in so large a country as ours would present a thousand difficulties. But it would be no more of a challenge to the Administration than the supervision of banking which it has recently undertaken. If we are going to have a government for the people, and an economic structure that is something more than a house of cards, we must make it possible, first for the mass of people to work, and second for them to receive a fair return for their labor.

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

ANDREW JACKSON: THE BORDER CAPTAIN. By Marquis James. $3.75. 461 pp. Indianapolis: Bobbs-Merrill.

IN FICTION an author's performance can generally be estimated, however roughly, on the significance he succeeds in giving to the doings related in his story. But in biography the importance of the characters and their careers can be taken for granted, and the art of biography, as Mr. James suggests, involves among other things an understanding of the underlying forces of history, an ability to present a background without permitting it to swamp the central figure. In fact, Mr. James's shrewd notes on the art of biography, embodied in his comments at the end of the present volume, give us a guide for judging his own work, and something of a critical standard for works of biography in general. To simplify it, at some risk, Mr. James regards biography, not as a picturesque bi-product of history, but as "the cellular life" of history, the analysis of recorded facts that are too minute to be included in histories, the investigation of those tiny details that make up the generalizations of historians. It is a fruitful attitude. Like "The Raven," Mr. James's life of Sam Houston, "Andrew Jackson" is an admirable historical "cell," giving any imaginative reader a clear knowledge of what such developments as the Revolution, or the opening of the frontier, actually meant in the lives of individuals.

This present volume ends with Jackson's retirement to The Hermitage at the age of fifty-five. A second volume, some day, is to follow through the even more difficult Presidential years, with their even greater scandals and alarms. But these first fifty-five years of Jackson's life were so full, so crammed with the most varied kinds of activity, that a large volume devoted to them is no more than enough. The Revolution, the settling of Tennessee, the War of 1812, Burr's conspiracy, quarrels with Spain—Jackson was involved in all of these momentous affairs, and, with the exception of the Revolution, he was aware of their far-reaching significance. His military career began when he was thirteen, in the Waxhaw Valley of South Carolina, where the war was largely a matter of successive raids by Tories, revolutionists, and English regulars. Jackson himself was captured and brutally wounded by an English officer. His brothers and kinsfolk were killed, and his mother died in the plague that followed the invasion.

It is here that Mr. James's concept of biography as a little living cell of history reveals itself to the greatest advantage. The descriptions of this generally neglected phase of the Revolution, of the small inconclusive skirmishes, the disorder and the futile waste, combine to throw more light on Jackson's career than the most illuminating personal adventure. The boy who lived through an invasion, in other words, and who saw this invasion in its particularly savage aspects, grew up to be the most vigilant defender against foreign invasions. All his life he saw the European monarchies, cracking under their antagonisms and internal struggles, threatening what he defended as "the *only* republic in the world." He was unrelenting in his resistance to the rich New Englanders who disparaged this danger. He used all his influence to mobilize and strengthen the frontiers. Sometimes, it seems, his alarm was in the nature of an obsession, and he plunged into action at the sight of mere clouds on the horizon, but in those days the threat was real enough to justify an excess of watchfulness.

Mr. James nowhere says in so many words that Jackson's early experiences formed these views, but his arrangement of the known facts about Jackson's life clearly establishes a connection. After the Revolution, Jackson went West where the demobilized and disappointed soldiers were clearing the cheap land. His anxiety gave him a clear insight into the maneuvers of the foreign powers. He saw—correctly—French and Spanish and English intrigues behind the frequent Indian raids. He supported Burr as long as he believed that Burr intended only to colonize, and perhaps embarrass Spain in Mexico. With his acute ability to see the *causes* of vacillation in leaders, he suspected General Wilkinson, the commander at New Orleans, long before it became known that Wilkinson was Spy Number 13 on the Spanish payrolls. All of this gives a deeper meaning to the final, and amazing triumph at New Orleans, and partially explains Jackson's harsh treatment of the wavering land-owners who were half-prepared to welcome the invasion rather than risk the battle. Under his leadership the small defense forces, made up of Louisiana aristocrats, pirates under Lafitte, Kentucky and Tennessee militia, destroyed the vastly greater army of British regulars, suffering seventy casualties to more than two thousand of the enemy. Incidentally, Mr. James describes the complicated battle at New Orleans with vigor and clarity. Battles in books are usually about as confusing to the reader as they must have been to the soldiers involved, but by a patient description of the landscape, and a careful analysis of the strategy of the opposing generals, Mr. James makes this one fully coherent.

To summarize the book in this way is to emphasize the dominant impulses in Jackson's life at the expense of other influences which Mr. James records. The frontier life was perhaps next in importance, and Mr. James explains the dominance of the frontier in the national development in this concise way: "By

(*Continued on page* 63)

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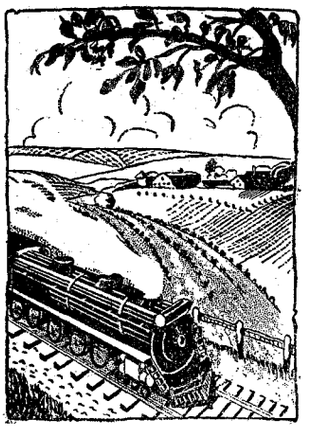
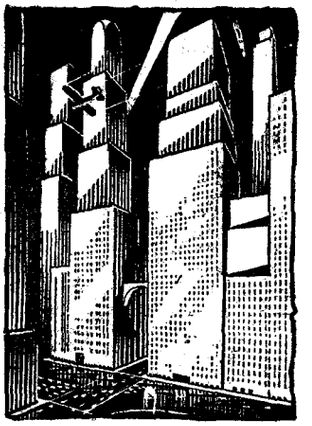


Talk of the Nation



Yo—He-Be!

OUR OFFICE is beginning to look like a warren, or hutch, so industrious and prolific (and communicative) are the nation's white-rabbit producers. Many are the happy hours we have spent, bathed in the soft flow of persuasive prose, fired by rhapsodic indignation, or even wafted aloft on the wings of effulgent fancy, as we read solution after proposed solution of this country's rumored depression by depressed citizens.

Of particular charm is the proposal of the president and eponym of The Wallace G. Imhoff Company, Consultants in Zinc Coating (Hot Galvanizing), Vineland, N. J. It is the visionary goal of Mr. Imhoff to make honesty popular. "With the return of honesty," writes Mr. Imhoff, "I believe that confidence will return and that will mean the free flow of credit again which is so necessary to get business going again."

The means to the end are "buttons, fobs or trinklets of many different kinds, known as 'YO—HE-BE' buttons. These buttons would have a cartoon of some giant object stuck and men with crowbars lifting it out. The crowbars would be labeled HONESTY, the load or object to be moved, *no matter what it is,* would be labeled DISHONESTY. The picture would show them all pulling together and straining their last effort. The boss (President Roosevelt) would be saying, 'YO—HE-BE!'"

The only fear in our mind is that maybe the mystic slogan will find disfavor with the anti-semitic elements. But anyway, the moral is clear: Dishonesty is in a rut, and only the crowbar of Honesty will set it moving again.

"The buttons could sell at five cents a piece, or more, and the money donated to help the unemployed."

Would they be zinc-coated, hotly galvanized?

P.S. Mr. Imhoff also enclosed a prospectus of the Imhoff Consulting Service. They will consult with you on anything from "pole-line hardware pickling" to "dross." On the back of the sheet it says:

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AND LEAD A CLEAN
MORAL LIFE.

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●

De Mortuis . . .

NOW THAT the lame duck is safely extinct it is only fair to give him a small meed of recognition. Dilatory he was admitted to be, and slow on his feet; punch-drunk from travelling-expense-allowances: not at all like his fast-moving younger brother who is at present so popular with the press, public and President. But once in a while, gritting his teeth, he got things done.

We refer specifically to one bit of business performed by the 72nd Congress, sitting at Washington, on February 25, 1933.

The official title of the bill was H. R. 9877; more informally it was known as A Bill for the Repeal of Obsolete Sections of the Revised Statutes. It may be that Congress had let the bill languish for a while in Committee, but when it came to debate it went through the legislative body like shot through a duck. By its provisions one thousand (count them) laws pass into limbo.

If the country needed anything, it needed one thousand fewer laws. A grateful nation must not, and shall not forget.

The Handy Calculator

FROM THE well-trimmed pampas of Pasadena come tidings of great joy for harassed mathematicians. The Congruence Machine has been perfected!

More than five years ago, Derrick Henry Lehmer, National Research Fellow in Mathematics and son of a University of California mathematics professor, distressed by the extreme difficulty of determining whether large numbers are prime or not, set about inventing a device that would perform Herculean calculations mechanically.

It appears that for the last 22 centuries mathematicians have been compiling lists of primes; in 1914 the Carnegie Institution scored a beat by publishing a list of numbers, each divisible only by itself and one, among the first ten million. It seemed impossible to advance much farther than that: you just get to a point where even an ace divider would have to spend his whole life looking into a single number.

A machine seemed to be the only way out of this sad situation, and Mr. Lehmer had a bright idea. With bicycle sprocket-wheels mounted on a rotating shaft, chains of different lengths which ran over them, and pins fastened at various points on the chains to break an electrical contact, he was able to perform interesting operations such as the breaking up of 9,999,000,099,990,001 into the factors 1,676,321 and 5,964,848,081.

Much encouraged, the young inventor at once set about improving his "Congruence Machine." Interlocking gears took the place of the glorified bicycle, and an electric eye, looking through holes in the gears, provided the control exercised by the pins in the first machine. All very

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simple. Then there is a special amplifier, which magnifies the impulse received by the eye 79 million times, incarcerated in a celotex coffin and separated from the rest of the world by a brick wall.

When it looked as if the machine was all set, the inventor sent for his father, the professor, whom we shall allow to tell the rest of the story:

"This was on October 9 about noon. I got word of it as soon as the mail could reach me (at Berkeley) and arranged my affairs to go to Pasadena, where the machine had been constructed, and see what it was like. I arrived on the evening of October 17, and found that a small party had been staged. Professor Bell, Professor Wolfe, and Professor Ward had been invited by my son to see the machine attack another historic giant, the invincible large factor 3,011,347,479,614,249,131 of the number $2^{95} + 1$, the symbol which represents 39,614,081,257,132,168,796,771,975,169. . . .

"It was a tense group that watched the machine being put through preliminary paces to see if it would be disturbed by outside forces. The zero point is always a solution and he turned the machine backard for five minutes and then drove it forward to see if it would miss the zero point. It sprung the trap promptly on going through and all seemed propitious. 'Here we step out into the unknown,' said my son, as he threw on the power.

"I confess that I walked the floor in the deepest anxiety. Was the machine going to prove temperamental, and was the radio 'imp' going to jog its elbow? It had 10,000,000 numbers to report on and as the wheels whirled round, minute after minute, I could not believe but that the 'eye' of the machine had relaxed its vigilance for a moment.

"Suddenly, after about fifteen minutes of steady grind the hum died away into silence. With bated breath we read the dials and handed over the result to Dr. Wolfe, an expert computer, to see if the correct solution had really been found. In a few minutes we were assured that it was right and the machine was set to the task of finding the other solution.

"It hummed quietly along, this time for twenty-five minutes, and again threw itself out of gear. It was another solution all right and in a few minutes we were in possession of the factors: 59,957 and 88,114,244,437. The first was easily found to be a prime, but the second was in doubt. This my son and I settled the next day, finding that it was a prime also.

"It would have surprised you to see the excitement in the group of professors and their wives, as we gathered around a table in the laboratory to discuss, over our coffee, the mysterious and uncanny powers of this curious machine. We all agreed that it would be unsportsmanlike to use it on small numbers such as can be handled by factor tables and factor stencils, but for the numbers that lie, as it were, in other galaxies than ours, outside the range of ordinary telescopes, so to say, there is as yet nothing to be compared with this device."

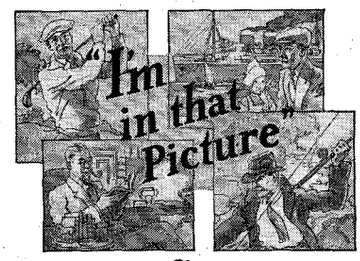
There is only the one small catch (personally, our esteem for the machine is vastly increased because of it): the Congruence Machine's violent, unreasoning dislike of the radio. If a short-wave set is operating in the neighborhood it will sulk, stop and start fitfully, and act up generally. But otherwise it can do things no human ever could to numbers which even an astronomer would not like to rub the wrong way. We assume it to be merely a matter of time before it solves such problems as the balancing of the budget and international debts.

A Congruence Machine in Every Home!

●

Beer and Vinegar Bill

Among the many specialized fields in which the new Congress was called upon in the first days of its organization to perform as an expert was that of rapid calculator in percentages. The House went into a huddle and came out with a plan for 3.20 beer and wine. The Senate went into a huddle and came out with a plan for 3.05 beer. This necessitated the House going back into a huddle and coming out with the admission that the Senate was right. The answer on beer should be 3.20. In the meantime the American thirsting public looked in the 'back of the book' for the answer on wine and emerged screaming—with another answer, also a correct one: "There is no such thing as 3.20 wine. That's vinegar!"



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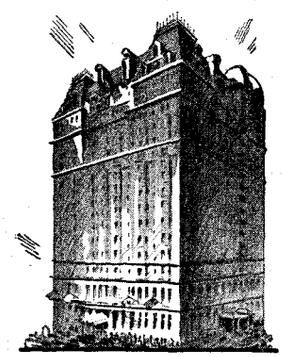

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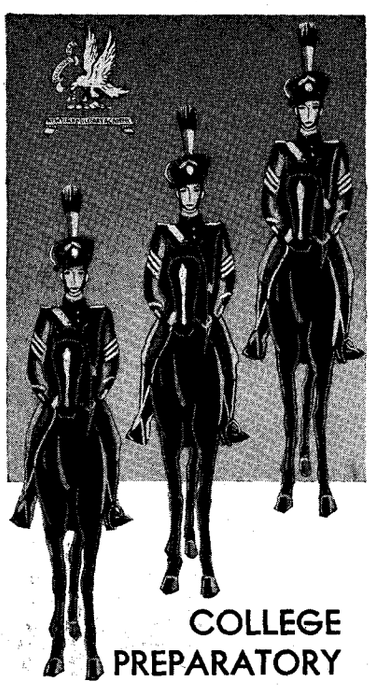
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Occupations—Today and Tomorrow

By Berta Crone

OCCUPATIONS are like men and women: they come and they go. And in each period of human history they are somewhat different, though essentially the same. As civilization moves, changes in modes of living and in interests compel humanity to do new things and to do the old things in new ways. These changes foster the creation of new occupations of whatever nature, anything that meets human needs. Our present ways of living, for example, have created a wider interest in reading of magazines, newspapers, and books. Obviously the invention of new machines, the supplying of larger markets, of creating merchandise, of distributing the products of labor over vastly larger areas, create new occupations and create new demands for qualities of a higher order in those entrusted with the tasks of managing the production and distribution of what are called "commodities."

People can be divided into two groups of workers: those who employ others, and those who are employed.

Most employers do not seem to pay the slightest attention to the great risks encountered by the professional workers whom they employ and who are dependent on them for a living. If the employers were conscious of the fact that the skilled worker suffers from a greater insecurity than either the entrepreneur himself or the organized industrial worker, they would in all probability give more consideration to finding a way to protect them.

Who, it may be asked, is the professional worker? He is the worker whose duties require knowledge, intelligence, ability, zeal, and often specialized experience. He performs vital functions in business as well as in philanthropic and other social service organizations. His name is legion. He may gather news for a daily newspaper; prepare statistical data for the officers of a bank; manage an office building or hotel; or plan programs for a radio broadcast; or direct advertising for a chain of stores; or write copy in an advertising agency; or organize foreign and domestic travel; or sell food products to dealers therein; or edit books for publication; or lend library books to readers; or have the care of a department in a museum. A complete list would be a long one.

The professional worker usually possesses the spirit of service, sometimes to a sacrificial degree, and often thinks more about doing his work well than about securing his occupational future.

When economic activity is at its peak, the professional worker is in great demand. His ideas and his ability supply the fuel which keeps many an organization or department functioning. When prosperity recedes and retrenchment begins the professional worker is often the first to be dismissed. If he is not dismissed his duties are apt to be curtailed, his salary cut, and his work reduced until it ceases to be vital. When his work ceases to be important he is sometimes replaced by an understudy, but more often his position is left vacant. Though his employer may esteem him and place a high value upon his ability, his services, which are usually difficult to appraise, are not considered essential to the continuance of the organization. The employer rarely seems to find new uses for his professional employes, even though their knowledge of the field and their peculiar personal qualities may have been an important factor in the organization's former prosperity.

When the heads of an organization discover that the demand for their products or their service is falling off, what do they do? They try to find new uses or to create a new demand. To illustrate. In a recent number of The Journal of Commerce there appeared the following caption, "Research Develops New Uses For Prunes." The writer of the news story went on to say that five years had been spent in research in an effort to find new uses for the prune, and he predicted that prune growers would materially benefit by the findings of the research staff. Important as the prune may be it is hardly as important as a human worker, yet how seldom we hear of such efforts in study expended to secure the future of a professional worker.

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Another example. The steel industry, as we know, is concerned about expanding the market for its commodities. It therefore organized an institute under the leadership of a member of Ex-President Hoover's Cabinet for the purposes of studying new uses for their products and new ways of developing the market. By the same logic which does these things new uses and new opportunities ought to be, and can be, found for human beings who have had years of training, knowledge, experience, and versatility, uses which would prove "materially profitable" to both employer and employed.

Some of the problems of the professional worker may be mentioned. He finds it difficult to protect his occupational interests. While he is engaged in the duties of his position, or busy searching for new employment, he has little time or inclination to examine general or special trends with a view to discovering a new or better market for his services. He may even be a keen student of economics and yet be blind to trends that will sooner or later threaten his personal economic and occupational security. We may illustrate this with an example which is typical. In 1922 a young man was graduated from the School of Economics of a Middle Western University. Soon afterwards he found himself a position of promise with an eastern manufacturer of silk fabrics. Attached to the sales research division, he studied the various processes in the production of silk fabrics. His department, being chiefly concerned with seeing that the fabrics were produced in time to meet the salesmens' orders, he gave little thought to the ultimate consumer. The young man, in his leisure time, studied the history of silk weaving and other matters helpful to him in his work. His progress was steady and marked by increases both in salary and responsibility. He had nothing to fear, so it seemed, for his future. He was conscious in a general way of the discovery of a new use for a product called "cellulose," but gave little thought to its application to his company's manufacturing problems; nor did he connect it with any personal interest. Later on, it became evident that "rayon" or "acetate yarn," a synthetic thread made from cellulose, was a discovery important enough to cause much concern among the cotton, wool, and silk manufacturers. Either they had to treat it as a competitor, or to adopt it. The young man's company was among those which refused to take much notice of the newcomer. In the meantime the consumption of silk was beginning to fall off, while on the other hand, corporations were forming to develop and promote rayon. Not until eventual curtailment in his department cost him his position did this man realize that if he had heeded the new trends he might have become a member of one of the new organizations and saved himself the loss of his earning power and prevented the interruption in his occupational progress.

What is the professional worker to do in circumstances which threaten his position and possibly even his particular kind of work?

He must, of course, continue loyal to his organization, but he cannot be expected to ignore his own interests. The problem is not simple. Serious as it is, ways can be found, and are being found, to reduce the professional worker's risk and uncertainty. In the first place he must change his attitude toward his work. He must stop thinking of his occupation as a position, something he applies for, and keeps until he is discharged. He must think of an occupation as something that is always ebbing and flowing. As one demand dies another rises to take its place. A striking example is to be found in the consolidation of many newspapers a number of years ago which coincided with the formation of radio organizations for the production of broadcasting programs. Many new occupational opportunities were created by the invention of the radio, some of which were of especial significance to persons trained in journalism.

New inventions, new policies, new standards of taste, new ideas, or reversion to old ones, all create occupational opportunity. But the professional worker must be aware of these changes and be able to discover occupations and new opportunities in them. He must originate his own occupation or his own work if he can, by thinking of what he can do to meet these new and changing trends and take advantage of them. Our shifting industrial and social order is creating new demands daily. Needless to say, the professional worker must try to sight these trends

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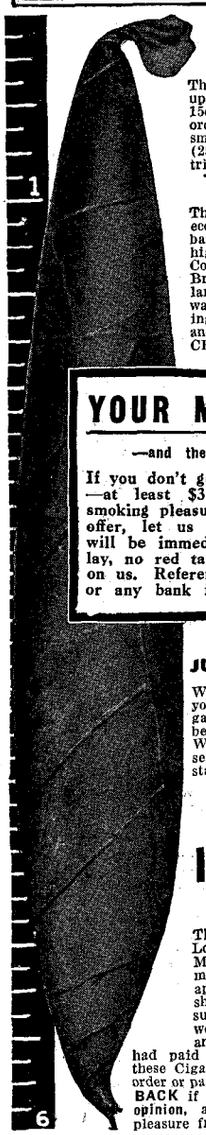

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and to adjust himself to the new needs. Thus, for example, if a travel organizer finds that Americans will not travel to a certain country because it hasn't paid its war debt to the United States, he will have to plan tours and individual travel for Americans to countries whose credit record is pleasing to them. And he must also keep in mind the present pocketbook of Americans, and plan their trips to fit the deflated income. In other words he must be able to sense the temper of public opinion and to allow for it, otherwise he will not make full use of his occupational opportunity.

The professional worker is apt to be specialized, but he is also versatile. Weren't we a trifle over-specialized during the era of prosperity? Haven't employers over-rated "previous experience?" Aren't we inclined to put too much emphasis on "expertness?" Why should the professional worker not change his occupation to meet changing demands? We know lawyers who make able executives; writers who are excellent cooks; secretaries who are natural-born salespeople; housewives who are able organizers and administrators; dancers whose fingers are as nimble as their toes. Trained, gifted, and intelligent people are apt to be both versatile and adaptable. Such persons can help themselves to overcome some of their insecurity by thinking of their occupation as something they have originated out of their ideas, experiences, knowledge, and versatility. And they must apply their adaptability to meeting the new needs, the current trends. Those who can do this, who can realize the new opportunities, will again find themselves in places where their services are required, either a new post within the organization with which they may still be connected, or in another established organization, or in a new organization, or in a solitary venture.

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REAL ESTATE FIELD

SOME OF THE TRENDS in real estate indicate that owners of large office buildings and apartment houses are now compelled to give special consideration to the problems of building management. Obviously the character and design of the modern office building and apartment house demand qualities of a higher order in those entrusted with their management than did the buildings of smaller and simpler construction erected in previous periods. Millions of dollars are invested in these modern buildings, and these investments must be protected by efficient management if taxes and dividends are to be paid. Income is derived from tenants. Securing and keeping tenants for buildings large enough to accommodate thousands of people at one time is comparable to the difficulties of managing a small city. Finding and securing tenants for buildings of any size and character presuppose a knowledge of general business and social trends, and of the interests of people. The building manager of today must be adept in handling human beings whose problems of working and living have been augmented two-fold by current conditions. And above all he must be able to handle financial negotiations so as to protect those who have invested their money in the building.

Since 1929 many buildings have changed hands, and it is predicted that many more will pass from their present ownership to the mortgagees or to new owners in 1933. Owners do not as a rule feel themselves competent to manage these properties. Because of the nature and the complexity of managing these properties, the new owners will have to rely more and more on trained managers to supervise the maintenance of the buildings and to secure and keep tenants.

According to leaders in real estate operation and in financing institutions, building management should be regarded as a new profession requiring a high degree of intelligence and knowledge.

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BOOK PUBLISHING

BOOK PUBLISHERS and the authors whose books they publish alike depend for their livelihood on the sale of books.

Authors increased 185 per cent between 1910 and 1930, according to former President Hoover's Research Committee's report on Recent Social Trends in the United States. During the corresponding period many new book publishing houses were established, the older houses expanded, and retail bookselling was accelerated by the growing demands from readers.

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But, alas, this industry, in common with many other industries, suffers today from a lack of consumers. Public libraries have had to cut their budgets and to curtail their book orders. It has been suggested that readers who cannot borrow the books they want, or need, will be encouraged to buy for their home libraries. As books are a relatively inexpensive "commodity," there undoubtedly are many readers who can still afford to buy books who have never formed the habit of buying them; and others who would buy books if these were as accessible as other "commodities." And there are many habitual readers, especially among professional people who can no longer afford to buy the books they need and want. These readers are apt to prefer science, art, history, economics, finance, drama, and so forth, to fiction, the books which are more expensive and difficult to borrow or rent. But as leisure increases and our sense of values continues to change, there is likely to be a greater demand as well as greater need for non-fiction books than there has been heretofore.

It may seem like putting the cart before the horse to suggest to anyone thinking of venturing into book publishing to give thoughtful consideration to the various problems connected with the selling of books.

Publisher's Weekly comments in a recent issue on how "very little has been done with outdoor bookselling in America." It observes that Americans would enjoy browsing among books outdoors as they do when they visit bookstalls in Paris, and it suggests an ideal location in the heart of New York City for bookstalls similar to those along the Seine. Other locations arise. For instance roadside bookstalls adjacent to bus terminals, gas stations, and roadside fruitstands, eating places, and rest rooms would seem to be worth investigating. Though people cannot read when motoring they do stop to rest, to eat, and to enjoy the out-of-doors.

As the number of readers increases book publishers will be more likely to flourish and new opportunities in book publishing will thus be created.

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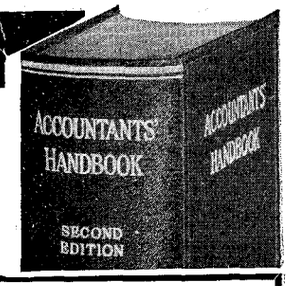

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THE SPECIAL STAMP COLLECTION

WHEN STARTING TO COLLECT STAMPS most people begin wisely by laying their hands on whatever comes within their reach. Many continue to build up a general collection. However, as there is supposed to be a total of some 150,000 different stamp items, it would be next to impossible to form even a fairly complete collection of all the world's stamps. It would be a big task alone to keep up with all new issues.

Sooner or later almost everybody comes to give preference to one or more countries. United States is a natural choice to a large group of American stamp collectors. Others choose their favorite country for various reasons. Their ancestors may have come from that particular country, or they themselves have traveled in it. Perhaps they take a liking to the country because of the fine printing or attractive motifs of its stamps. Again they may be moved to prefer a certain country due to the fact that it no longer issues stamps of its own and thus offers well defined limits for a collection; this is for instance the case with formerly independent German and Italian states.

One thing is certain: the many varieties of stamps afford all of us ample scope to follow our individual tastes.

Transportation is the keynote to the stamps referred to in this article. Water constitutes the greater part of our globe and the oceans have long been the main highways of travel. The many types of crafts pictured on stamps run the whole gamut from ancient and primitive specimens to the latest word in modern shipbuilding, and are a fertile field for specializing.

The age-old junk of China, still in use, is found on the stamps of that country. The felucca, the river vessel met on the Nile, lends a local touch to some stamps of Egypt and all denominations of a set issued during the navigation congress held there in 1926 bears an image of that country's ancient galleys. Stamps of Brunei (a sultanate in N. W. Borneo) acquaint us with another distinctive craft, the dhow, paddled by a native. The British Solomon Islands issue of 1907-11 shows us the war canoe used there. The U. S. Norse-American issue gives us the Viking ship, and a sloop.

Stamps of Malta illustrate a galley of former days and the quaint fishing boats operated in that locality, while a Canadian stamp renders a view of the fishing schooner "Bluenose." Denmark had a sailing vessel on the franc denominations of the stamps in the Danish West Indies, now the Virgin Islands.

A Saar stamp depicts inland waterway traffic and one from Congo a stern paddle river boat. A three-funnelled ocean liner forms part of a scene from the harbor of Antwerp on a stamp issued by Belgium. The Italian Royal Naval Academy issue of 1931 presents views of a frigate and a modern dreadnaught.

The end of the late war saw Germany lose her colonies. The imperial yacht "Hohenzollern" of the former emperor was the uniform illustration chosen for all colonial stamp issues of that methodical country.

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The camel was for many years the undisputed ship of the desert and figures on the stamps of Sudan. His modern contrast is the motorcycle postman speeding across the desert on the Egyptian special delivery stamp of 1926.

The prairie schooner forms a suitable national subject on the 10c denomination of the U. S. Trans-Mississippi issue. A stage coach, a pack mule and a motor truck grace three denominations of the pictorial and picturesque Bosnia-Herzegovinian issue of 1906.

Locomotives are a favorite subject. Spain depicted both an electric and steam locomotive on the issue appearing when the second international railway congress was held at Madrid in 1926. The small European state San Marino proudly displayed an electric train on a set of stamps issued last year. Four stamps just out in Egypt show the evolution of railroad engines in that country. The first one illustrated was built by Robert Stephenson in England in 1852 and was brought to Africa in 1884.

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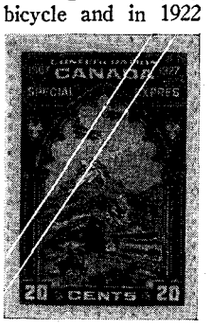
Stamps in relation to transportation is a grateful theme as the delivery of mail is closely interwoven with many forms of communications. This fact is brought out on many stamps.

The United States parcel post set of 1912 is a typical example. The first eight denominations bear pictures of a post office clerk, city carrier, railway postal clerk, rural carrier, mail train, steamer and mail tender, automobile service and airplane. Incidentally this is the first time that an airplane was chosen as stamp illustration; the old Wright biplane was the model used.

Three special delivery stamps of this country represent other milestones in human acceleration. On the issue of 1885 the messenger is shown running himself, by 1902 he is riding a bicycle and in 1922 we find him mounted on a motorcycle.



The Canadian special delivery stamp of 1927 is a combined illustration of five stages of mail transportation, and thus: pony express, dog sleigh, express train, ocean liner and airplane.

It goes without saying that aviation is a much adopted subject on many recent stamps, all of which are not restricted to airmail. Even commemorative stamps have appeared in this field, and all forms of aeronautics are represented. The scale runs from the old free balloon to a peep into the future in form of stamps for rocket mail. Various types of single and multi-motored airplanes and seaplanes as well as some specially famous specimens of aircraft adorn numerous stamps issues. By reason of her world ramblings the "Graf Zeppelin" airship has also been chosen as an illustration on stamps in many countries.

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In conclusion it may not be amiss to point out that this brief discourse does not pretend to be exhaustive. A few examples only have been given; many more could be added. Incomplete though the list is, it is hoped that these notes will encourage readers to take up stamp collecting along special lines suggesting themselves and appealing to them.—*Erik Hildesheim.*

Mr. Hildesheim will be glad to give advice and answer inquiries on stamp collections. He may be addressed care of New Outlook.

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(*Continued from page* 55)

virility, experience and, since the war, the prestige of victory, pioneers compensated for the disparity of their numbers. They lived close to the machinery of government. They had seen it made: 'offices' for the registration of land titles housed in immigrant wagons, courts in log cabins; Indian wars, Indian treaties; every man a soldier and a servant of the law. Thus county governments had taken shape, and over them territorial and state regimes from which it was an easy step for the frontiersman with all the aplomb in the world to shoulder into the councils of the nation." Jackson's emergence represented the temporary victory of the frontier over the sluggish East, the triumph of imagination and audacity over a section that was hampered by its concern for trade relations and established wealth.

The side-lights—the frequent duels, cock-fights, horse-races, business failures, personal quarrels and friendships—are described in lively, and sometimes amusing prose. The murky scandal of Jackson's marriage is less convincingly described, and Rachel remains a dim, incomprehensible figure throughout the book, never doing much beyond writing despondent letters and looking forward to the future with alarm. Perhaps Mr. James's contempt for the debunking biographers, with their "keyhole views of creation," prevented him from speculating on this relationship. Also, Mr. James merely mentions the invisible ways in which Eastern seaboard capital secured control of the huge land companies and through them accelerated the development of the West. This is the sort of information that is so frequently left out of history and the biographical "cells" of history, and which seems increasingly important. But this is probably another of Mr. James's conditions for a good biography: that is, that it should stimulate the reader to a further interest in the subject of the biography and the period in which he lived.

"Andrew Jackson: The Border Captain" meets the requirements set down in Mr. James's notes. It has additional graces that Mr. James does not mention: a pleasant prose, a fine organization of material. It is excellent reading, besides throwing a clear light on one of the complex periods of American history.

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Traveling with the News

(*Continued from page five*)

along the "Royal Way" from Santa Barbara to Monterey—we learn that we too can show some medals of antiquity.

Nor is our New Orleans but a faint reflection of old Orleans! In fact, it smells exactly like it in the French Quarter. A half dozen celebrated restaurants dating from French Colonial days are still serving *dejeuners a la fourchette*. The Mardi Gras Fete still survives, and it is certainly no more commercialized and no less picturesque than that of Nice.

Then there is New England, so closely intertwined with the Cradle of Liberty, with its commercial and artistic center in Boston. There are cherished parts of Boston that are as like London as two peas. Not far afield are the abiding places of Longfellow, Louisa M. Alcott, Nathaniel Hawthorne, that are as well preserved as Old North Church, Faneuil Hall and Bunker Hill. Concord, Lexington, Plymouth Rock, Cape Cod, Walden Pond, House of the Seven Gables, Putnam Park (Revolutionary Winter Camp, Redding, Conn.).

●

We can think of only three cities that can surpass the monumental grandeur of our own Washington (we are speaking of official Washington of course). With recently rebuilt Tokio, Washington is the only great capital that has been fashioned relentlessly according to a prescribed design from the ground up, and becomes thereby an excellent example of city planning. Only Napoleon's l'Etoille surpasses the radii of majestic avenues that flow like broad streams from the capitol; and only the domes of St. Peter's and St. Paul's surpass its crowning glory. Only Vienna can equal Washington's sublime vistas—the Lincoln Memorial, the Tomb of the Unknown Soldier, the Washington Monument, the new Potomac Bridge, the White House, the Capitol, Arlington Cemetery, Pennsylvania Avenue, the Congressional Library and in the distance, the unfolding gothic Cathedral of St. Albans.—*Henry Albert Phillips.*

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